Austria	Sch30	Iran	Rls210	Pakistan	Rs35
Bahrain	Din0.900	Israel	Shk4.00	Philippines	Pso40
Belgium	BFr60	Italy	L2200	Poland	Zl 11,000
Cyprus	C£1.00	Jordan	JD1.20	Portugal	Es165
Denmark	DKr13	Korea	Won 2000	Qatar	QR10.00
Egypt	£E3.00	Kuwait	Fils.500	S.Arabia	SR8.00
Finland	FM8.30	Lebanon	L£1,800	Singapore	S$4.10
France	FFr7.50	Lux	LFr60	Spain	Pta175
Germany	DM3.00	Malaysia	M$4.50	Sweden	SKr13
Greece	Dr200	Morocco	MDh10	Switz	SFr2.70
Hungary	Ft145	Neth	Fl 3.50	Thailand	Bht50
Iceland	IKr180	Nigeria	Naira15	Tunisia	Din0.800
India	Rs20	Norway	NKr13.00	Turkey	L3000
Indonesia	Rp3100	Oman	OR1.20	UAE	Dh8.00

EUROPE'S BUSINESS NEWSPAPER

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D 8523A

CONSERVATION
Scuppering the EC fishing policy
Page 3

World News

Yugoslavia pulls troops out following ethnic clashes

The Yugoslav state presidency ordered army troops in Croatian commando units to withdraw from the predominantly Serbian town of Pakrac in Croatia, following clashes between Yugoslavia's two biggest ethnic groups at the weekend. Page 14

Minister murdered

Ranjan Wijeratne, Sri Lanka's deputy defence minister and the most powerful member of President Ranasingha Premadasa's cabinet, was assassinated on Saturday, two days after announcing an imminent air and land offensive against Tamil guerrillas. Page 4

Bangladeshi leader

Khaleda Zia, leader of the Bangladesh Nationalist party (BNP), which emerged as the single largest party in a general election last week, is to be named as prime minister within a week. Page 14

Guerrillas quit war

The Popular Liberation Army (EPL), a Maoist guerrilla group which had fought in Colombian for over 20 years, is surrendering its arms to become a political party, with two representatives in the constitutional assembly. Page 4

Thai premier named

The Thai military appointed a well-known businessman and former diplomat, Anand Panyarachun, as prime minister, a week after it seized power. Page 4

Pakistani boycott

Pakistan's opposition alliance boycotted the lower house of parliament for the second time in a week, accusing authorities of terrorising its followers in the volatile province of Sind.

Dissident president

A former dissident, Mr Miguel Trovoada, was elected president of the tiny West African state of São Tomé and Príncipe, completing its move from one-party rule to multi-party democracy. Page 4

US jet crashes

A United Airlines Boeing 737 airliner with 20 passengers and five crew members on board crashed near Colorado Springs airport, with all on board believed killed.

Polish party formed

Conservative politicians from the Solidarity movement formed a Christian Democratic party, which they expect to emerge as Poland's biggest political force in parliamentary elections in May. Page 3

Soldiers flee Albania

A boatload of 35 armed soldiers fleeing political upheaval in Albania arrived in the southern Italian port of Otranto, hours behind another ship carrying 535 refugees.

China expels official

China's Communist party expelled Xu Jiatun, formerly Peking's top official in Hong Kong, accusing him of involvement with anti-communist groups.

Refugee ship sinks

A total of 152 Somali refugees died when a ship carrying them to Kenya struck a reef off the coastal resort of Malindi.

Swiss poll on age

The Swiss voted by 72.8 per cent to 27.2 per cent in a referendum to cut the minimum voting age at federal level from 20 to 18.

Charitable first

Albanian-born Nobel Peace Prize winner Mother Teresa arrived in Tirana to open the first religious charity in Albania since the late Communist dictator Enver Hoxha abolished religion in 1967.

Business Summary

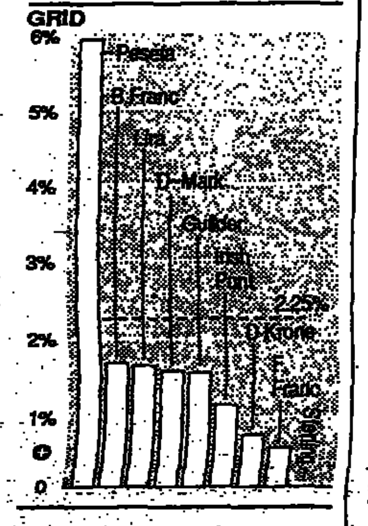
Iveco plans L4,000bn investment and job cuts

IVECO, trucks subsidiary of Italy's Fiat automotive and industrial group, reached agreement with its domestic unions on 3,000 job cuts as part of a reorganisation which will include a L4,000bn ($3.49bn) three-year investment plan.

Chief executive Mr Giancarlo Boschetti said the redundancies were a key part of Iveco's "total restructuring" to face the downturn in European truck demand, forecast by the company to fall by 10-12 per cent this year. Page 17

EUROPEAN MONETARY SYSTEM: Sterling kept off the bottom of the exchange rate mechanism last week, allowing the Bank of England to endorse a cut in UK bank base rates. Indications from Paris suggest France wants to cut rates, but the franc is at the bottom of the ERM and any such move might push the currency below its floor. High Italian interest lifted the lira last week, prompting lira sales against the D-Mark and Ecu by the Bank of Italy. Sterling's dilemma, Page 5; Currencies, Page 25

EMS GRID March 1, 1991



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the EMS's narrow 2.25 per cent fluctuation band. In practice, currencies in the EMS narrow band cannot rise more than 2.25 per cent from the weakest currency in that part of the system. Sterling and the Spanish peseta operate with 6 per cent fluctuation bands.

MIDLAND Bank is expected to announce a dividend cut, the first time a UK clearer has taken such a step in the post-war period. Page 15

UBS Phillips & Drew: a call written on 8m Polly Peck shares shortly before the company collapsed last summer with a resulting loss of £14m ($26.4m) caused the company, London-based investment banking arm of Union Bank of Switzerland, barely to break even last year. Page 15

BRITISH SKY Broadcasting, satellite television consortium in which Pearson, publisher of the Financial Times, has a stake, is proceeding with a scheme to raise a large project loan from international banks in spite of delays in presenting the banks with a business plan. Page 16

JAPANESE investors ended up net sellers of US stocks and bonds in 1990 for the first time since records began in 1981. Page 17

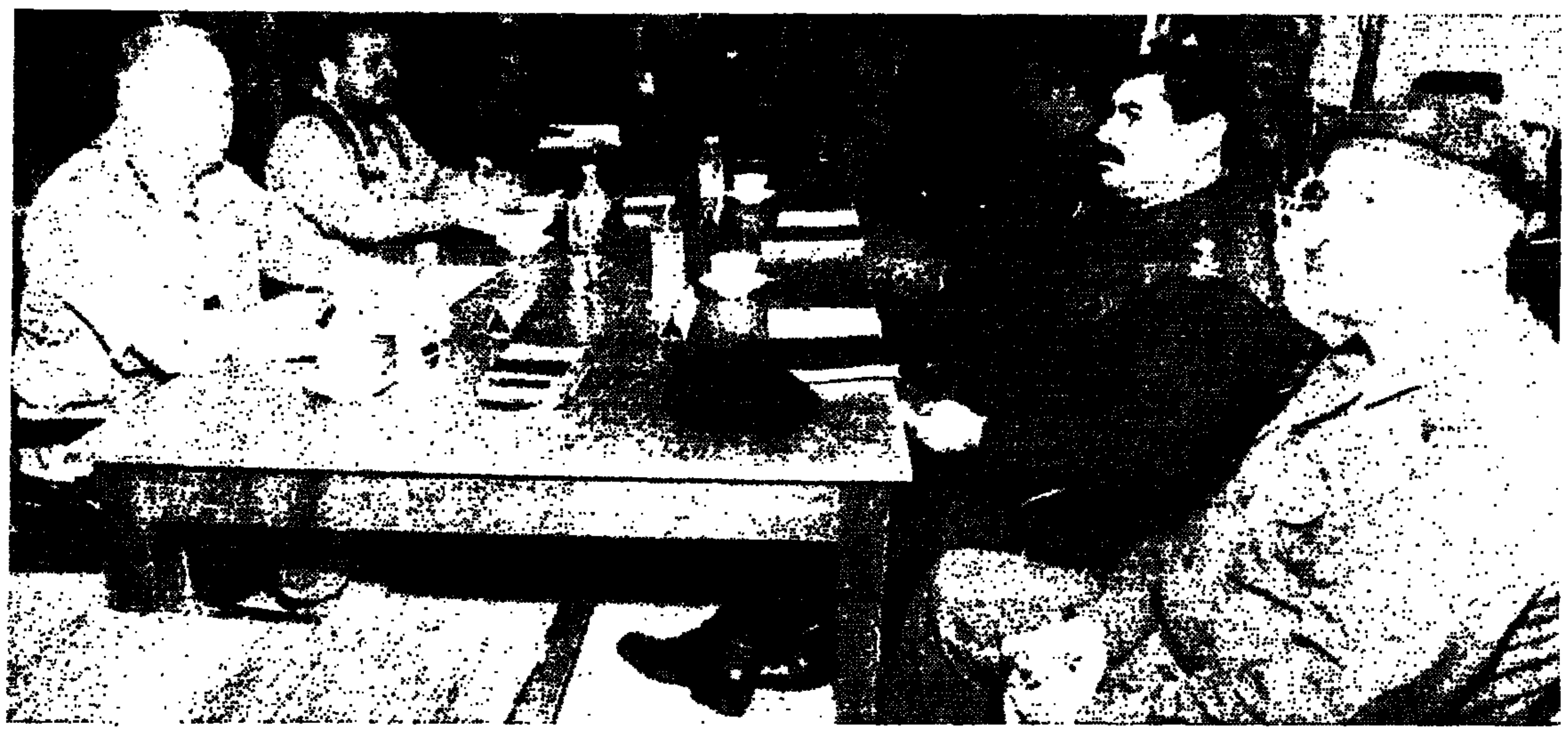
NOMURA Securities International, New York arm of the Japanese brokers, set up joint venture with Tudor Investment, specialist US company, to trade proprietary capital in the international currencies, commodity and financial futures markets. Page 19

ALBANIA stopped food exports and declared a freeze on investments in an effort to boost its ailing economy.

Mounting political turmoil in Iraq puts pressure on allies for early settlement

Agreement reached on ceasefire

By Tony Walker in Safwan, southern Iraq, and Robert Graham in London



Candid and constructive: Gen Schwarzkopf (far left) and Saudi Prince Khalid bin Sultan (second from left) sit opposite Iraqi military commanders

ALLIED commanders yesterday agreed with their Iraqi counterparts the framework for an early ceasefire against a backdrop of mounting political turmoil inside Iraq.

The growing anarchy, particularly in the south of Iraq around Basra, has increased pressure on the allies to tie up as quickly as possible the loose ends left by the cessation of hostilities early last Friday.

General Norman Schwarzkopf, the allied military commander, was confident after a two-hour meeting with Lt-Gen Sultan Hashim Ahmed, the Iraqi representative, that the two sides were well on the way to a "lasting peace."

But officials among the 28-nation allied coalition were concerned any delay in moving towards a proper ceasefire threatened to drag the allied coalition into internal Iraqi politics.

Already yesterday, groups in Basra sympathetic to the exiled Shia leader, Mohamed Bakr al-Hakim, were calling on the allies to support them against the remnants of Mr Saddam's Ba'athist regime there.

General Schwarzkopf stressed, however, that the withdrawal of forces from Iraqi territory would require Baghdad's unconditional acceptance of all relevant United Nations resolutions, including the latest measure adopted by the Security Council on Saturday.

The first meeting between commanders of both sides since President George Bush ordered hostilities to cease early last Friday took place in a tent on the edge of the desert airbase at Safwan, 10 km north of the Kuwaiti border. Gen Schwarzkopf described the talks as "very candid and very constructive."

"The purpose of this meeting," he added, ".... was so that we could agree on certain conditions that were necessary to continue with the cessation of hostilities and the cessation of coalition offensive operations."

Among conditions laid down by the allies were agreement on the early release of all prisoners of war and civilian detainees. The Iraqis were also asked to provide details of minefields and to co-operate in "safety measures" to guard against breaches of the truce.

The two sides agreed to establish a truce committee to resolve difficulties that might arise along the ceasefire line. The International Committee of the Red Cross is to be asked to facilitate the prisoner exchange and a "symbolic" swap of a number of prisoners could take plece immediately as a sign of good faith on both sides.

The allies are holding more than 80,000 Iraqis; allied prisoners in Iraqi hands nûmber a few.

Prince Khalid bin Sultan, the Saudi commander, joined Gen Schwarzkopf at the table in the truce discussions. Also present was Lt-Gen Sir Peter de la Billiere, the British commander.

Gen de la Billiere said after the discussions that the Allies had made clear they would renew the offensive if Iraq failed to comply with the ceasefire conditions.

The Iraqi lieutenant-general smiled uneasily as he entered the tent for the truce discussions. He had arrived at Safwan airstrip escorted by US tanks and personnel carriers and with helicopters patrolling overhead.

The allies seemed intent on reinforcing the point that Lt-Gen Ahmed was present as the representative of a vanquished army for discussions on occupied Iraqi soil. Gen Schwarzkopf's confident statement after the meeting suggested his Iraqi counterparts had full authority to negotiate.

Meanwhile President Saddam, in an apparent move to dispel rumours of his whereabouts, was shown attending a meeting held on Saturday with three ministers to discuss the restoration of public services.

A 45-second videotape was made available to western media in Baghdad and Iraqi officials indicated it would be shown locally once limited power supplies had been returned allowing television transmissions. Iraqi media had published no direct news of their leader since his order withdrawing troops from Kuwait on February 26.

ON OTHER PAGES

Revolt against Saddam reported in Basra

By Victor Mallet on the outskirts of Basra, Iraq

IRAQIS in the southern city of Basra have revolted against President Saddam Hussein and are calling for an Islamic government headed by the opposition Shia figure exiled in Tehran, Mohammed Bakr al-Hakim.

Refugees walking down the road between Basra and Kuwait City yesterday described widespread anti-Saddam demonstrations in southern Iraq by civilans and soldiers. But there were some reports of loyalist troops shooting protesters and looters.

Mr Subhi Nasser, a Lebanese Palestinian who is a financial manager at the al-Rashid group of companies in Kuwait, said Iraqis stormed the al-Haritha jail in Basra on Saturday, freeing hundreds of prisoners and killing the military officer who ran the prison.

Mr Nasser, his wife and 11-year-old son were incarcerated in the jail after being arrested on the streets of Kuwait City on January 9 for not having an Iraqi residence permit. He has lived in Kuwait for 22 years.

"Yesterday morning, there was a severe revolution against Saddam Hussein in Basra," he said. "They opened the jail and released all the prisoners. We walked from there. All the people are demonstrating against Saddam Hussein and insulting him and shooting in the air. There were tanks, but they went past and the soldiers in them were pleased."

Mr Nasser and two other refugees interviewed elsewhere, said the people were calling on Mr Bakr al-Hakim, who heads the Supreme Assembly of the Islamic Revolution, to return from his exile in Iran to be the new president.

"People hate Saddam Hussein because he failed in the war," said Mr Nasser. "They are asking for Mohammed Bakr to be brought back to replace Saddam Hussein. He is the biggest religious man in Iraq."

An Iraqi man called Ibrahim, entering Kuwait to search for his lost brother who was in Iraq's defeated army, said young revolutionaries had seized weapons from Iraqi police stations despite occasional resistance from the police.

Mr Maher Hakawali, a Jordanian photographer with a Kuwaiti newspaper who was yesterday passing through Iraq to find his family in Kuwait, said he had seen many people killed as civilians fought soldiers on the streets.

"They want another president called Mohammed Bakr," he said. "I came in from Baghdad by truck and I saw many women ululating meaning they were happy. I asked the driver

Continued on Page 14

Nigeria and creditors agree on rescheduling $5.8bn bank debt

By Michael Holman and Tony Hawkins in London

NIGERIA and its commercial bank creditors have agreed in principle on a rescheduling and buy-back agreement covering $5.8bn of bank debt.

It is the final stage in the military government's efforts to restructure Nigeria's estimated $35bn external debt – the biggest in sub-Saharan Africa – before handing over to civilian rule in October 1992.

The agreement was initialled in the early hours of Saturday morning after four days of talks in London.

Previous steps to ease the debt burden include a rescheduling agreement in December last year on an $850m debt to the Soviet Union, followed in January by a deal covering part of $17.5bn owed to the Paris Club of official creditors.

Renewal of an International Monetary Fund (IMF) agreement, also in January, paved the way to the rescheduling of debt owed to western creditors. Nigeria will not draw on the SDR319m ($453m) standby facility available under the agreement, but it represents the Fund's continuing endorsement of an economic reform programme which has been under way since late 1986.

President Ibrahim Babangida, Nigeria's military leader, plans to conclude a phased handover to civilian rule in October 1992.

Nigerian officials believe that the country's debt service ratio will by then have fallen to 25 per cent or less of export earnings. Last year it was slightly over 30 per cent.

Reaching the target will greatly depend on the price of oil, which accounts for more than 90 per cent of Nigeria's export earnings.

The country's budget for 1991 assumes a price of $21 per barrel, slightly above the current level of Nigeria's benchmark crude oil, Bonny Light.

Saturday's agreement between the Nigerian government delegation, led by Alhaji Abubakar Alhaji, the finance minister, and the London Club steering committee co-chaired by Standard Chartered Bank, Banque National de Paris and Citicorp, offers creditors three options;

- A debt buy-back, at a price expected to be about 40 per cent of face value;
- Exchange existing debt for registered bonds at 6.25 per cent interest, with principle and 12 months' interest collateralised, repayable by one payment in the year 2020. It will be backed by an issue of US zero-coupon paper; or
- Registered bonds carrying interest at Libor plus 13/16 per cent, repayable over 10 years following a 10 year grace period.

Banks taking up the third option would provide new loans to Nigeria of 10 per cent of the amount exchanged. The new money would carry interest at Libor plus 1 per cent, repayable over eight years, after a seven-year grace period.

The agreement also provides for payment of some $300m in arrears which have accumu

Continued on Page 14

CONTENTS

THE MONDAY INTERVIEW

During his 3½ months as prime minister of India, Chandra Shekhar has won an unexpected reputation among diplomats, businessmen and politicians for his astuteness, his openess of mind, and his quick grasp of issues Page 30

FT SURVEYS

NIGERIAN OIL: the industry is critical to the economy, which is undergoing radical economic reform as the government manages a difficult transition from military rule to democracy. (See right for date.)

Baker seeks dual regional approach on Israel

By Peter Riddell, US Editor, in Washington

THE US aims to encourage a two-track approach to Israel's position in the Middle East, seeking to find a way both for Arab states and Israel to make peace and for a dialogue to be begun with Palestinians.

Mr James Baker, US secretary of state, set these objectives ahead of the start on Wednesday of his mission to Arab coalition partners in the region, and the Soviet Union. Mr Baker will also be visiting Israel.

He sought to stress the positive role played by Syria during the Gulf crisis and said Jordan would not be left out of any post-war discussions, in spite of its sympathy for Iraq during the war.

Mr Baker attempted to lower expectations, saying his intention was to consult and see if there was flexibility on both sides.

"We can't go in there and impose a solution and expect to have that work. The worst thing we could do is to arrive in the region, say this is an American plan for peace. It would be shot up like a Scud missile with a couple of Patriots."

It would be "a mistake for us to expect that in the aftermath of this conflict all of a sudden we're going to have immediate peace, an immediate solution."

Instead, he said, the US could be "effective as a catalyst in encouraging peace in the Middle East, but only as effective as the desire of the parties to the conflict to want a solution."

He noted that Syria had taken some action relating to terrorism following strong US representations.

"With respect to some of those groups that were targeting western and particularly US interest, Syria is serious when it says we are going to see what we can do about that because we are interested in improving our relationship with the west."

But the secretary of state noted that there remained differences between the US and Syria over what constituted terrorism, with Syria taking the view that "pretty much anything goes in the occupied territories".

Mr Baker raised questions about the future role of Mr Yassir Arafat as leader of the Palestine Liberation Organisation, saying he was "seriously and substantially hurt as a result of jumping so quickly and embracing Saddam Hussein. Our Arab coalition partners tell us that, and they have some ideas about whether he may or may not have any future utility."

Similarly, Mr Brent Scowcroft, the president's national security adviser, said yesterday it was "very difficult" to regard the PLO leadership as a suitable negotiating partner in view of its "colossally bad decision and judgment".

Mr Baker also left open the possibility of renewed talks with King Hussein of Jordan despite the monarch's hostile attitude to the coalition.

The US, Mr Baker said, could "forgive and forget". The US regarded the king as a "leader with tremendous domestic pressure on him. We understand his situation. We do not want to see him destabilised.

"We want to see him continue in power. It may very well be that, as we move forward here, Jordan and King Hussein himself personally may become a very important player."

Mr Baker said the US had done everyone in the region – notably Israel – a great favour by eliminating the biggest threat to its security.

He appealed to Israel to continue the policy of restraint it has followed in the conflict as the coalition and Iraq move towards peace.

ISRAELI cabinet ministers failed to reach consensus yesterday on the government's peace policy, in advance of a visit by Mr James Baker, US secretary of state, next Sunday, Judy Maltz reports from Jerusalem. Three ministers expressed opposition to the government's peace initiative of May 1989, which centres on elections in the occupied territories and direct negotiations with Arab states. They called on the government to formulate a new peace plan, taking into account developments since the Gulf crisis.

The majority of the 21-member cabinet, however, backs the 1989 peace initiative, which was put together when the two leading political parties, Likud and Labour, shared power. Only one of the dissenting ministers at yesterday's meeting, Mr Ariel Sharon, housing minister, is a member of *Prime Minister Yitzhak Shamir's ruling* Likud party, which assumed power a year ago.

The others belong to more hawkish parties.

Kuwaitis turn on Palestinians

By Victor Mallet

ANGRY Kuwaiti soldiers and resistance fighters yesterday rounded up dozens of Palestinians suspected of collaborating with the Iraqis during their seven-month occupation of *Kuwait. Eyewitnesses said* they saw Kuwaitis beating up Palestinians at the police station in the Hawali district of the capital.

Earlier, Kuwaiti troops in armoured personnel carriers staged a show of force in a market place in Hawali, a predominantly Palestinian area. They fired into the air and chased people away from the market stalls while American soldiers looked on.

Kuwaiti crowds chanted that they had been betrayed by the Palestinians.

Despite the continuing unrest and aggression against Palestinians, some units of the Kuwaiti forces were yesterday trying to restore order in the city and impose martial law. Weapons, some left by the retreating Iraqis, were collected from vigilantes who have been roaming the streets looking for Palestinian "collaborators".

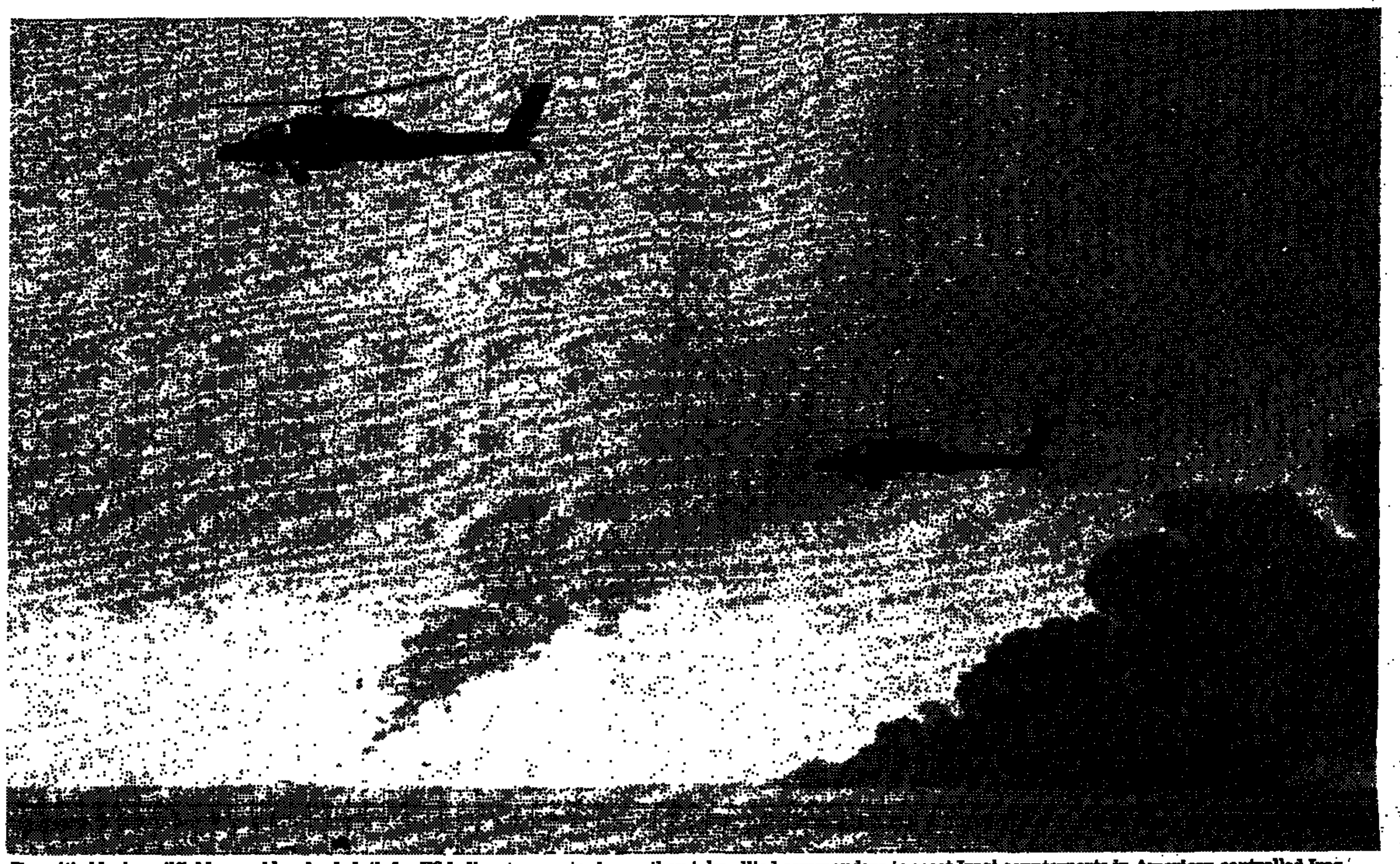
About 300,000 Palestinians used to live in Kuwait, making them the second largest community after the Kuwaitis themselves. *Some have lived in* Kuwait all their lives without winning the right to citizenship or permanent residence.

Many Palestinians are loyal to Kuwait and expressed horror at the decision by Mr Yas*sir Arafat, the leader of the* Palestine Liberation Organisation, to support Iraq following the invasion of Kuwait.

But others are accused of informing on their Kuwaiti neighbours and helping the Iraqis, who reportedly handed out semi-automatic rifles in Hawali before fleeing the city last week.

Mr Michael Weston, the British ambassador, said yesterday that the possibility of reprisals against Palestinians after the liberation of Kuwait had always been a concern. "It is very worrying," he said, "but as yet there is no proof that they [the Kuwaitis] are doing anything other than rounding them up to stand trial." He said he would raise the issue with the Kuwaiti government.

On Saturday Mr Abdul-Rahman *al-Awadi*, the Kuwaiti minister of cabinet affairs, said suspected Palestinian collaborators would be processed by the Ministry of the Interior and given a *fair* trial. "The Palestinians will always be our brothers but of course there are *hard feelings*," he said.



Kuwait's blazing oilfields provide a backcloth for US helicopters yesterday as they take allied commanders to meet Iraqi counterparts in American-controlled Iraq

UN to consider easing embargo

By Michael Littlejohns, UN Correspondent, in New York

THE UN Security Council was due to meet late last night to consider a resolution to remove restrictions on "supplies for medical purposes, foodstuffs, water, fuel and electricity" to Iraq, after earlier endorsing the allies' strict terms for a ceasefire.

Last night's resolution was proposed jointly by Yemen, Cuba, Ecuador, India and Zimbabwe.

The ceasefire resolution, approved late on Saturday night, maintains the pressure on Iraq to implement all 12 previous UN resolutions adopted in the crisis.

The allies are determined to use their victory in battle to ensure compliance and are especially eager to see Iraq immediately repatriate prisoners-of-war and foreign nationals, including thousands of Kuwaitis.

The resolution includes a call on Iraq to accept liability for losses, damage and injuries arising from the occupation of Kuwait and to begin immediately to return all seized Kuwaiti property.

After the Soviet Union and China termed the provision bellicose and some other members called it crude, the US had deleted a paragraph in its original text that would have explicitly empowered the allies to "resume offensive combat operations" *in the event of* Iraqi non-compliance.

Still, the council specifically maintained the validity of paragraph 2 of last year's Resolution 678, which authorised the allies "to use all necessary means", including force, to *implement UN decisions.*

However, Mr Yuli Vorontsov, the Soviet delegate, said everything should be done to avoid further military action. The Security Council should become deeply involved in the search for a Gulf settlement, he said.

The resolution made no mention of any peace-keeping or truce-monitoring role for the UN or any new mandate for Mr Javier Pérez de Cuéllar, the secretary general, beyond that entrusted to him in earlier resolutions. Some members said this was a deficiency that should be amended.

Yemen's abstention surprised some observers because Mr Abdalla al-Ashtal, its delegate, was an outspoken critic of the allies' resort to force. He explained that he saw "some positive aspects" in the new resolution, although it was cruel not to authorise the lifting of sanctions against Iraq, including the food embargo.

Sir David Hannay, the British delegate, who was reported to have wanted to include a demand that Iraq renounce terrorism and weapons of mass destruction, said the council's decision on Saturday marked the start of the third and perhaps most important and difficult phase of the crisis.

What the resolution aimed to do was establish a basic framework to create conditions for a definitive end to hostilities, he said. Much now would depend on Iraq.

Air assault 'surprised Saddam'

By Our Moscow Correspondent

MR Yevgeny Primakov, the Soviet envoy who visited Baghdad in a last-ditch peace mission, has said Iraq's President Saddam Hussein was surprised when the allies went ahead with the war after the January 15 expiry of a UN deadline for withdrawal from Kuwait.

"The launch by allied forces of military operations against Iraqi troops in Kuwait and the bombardment of targets on Iraqi territory took Saddam Hussein completely by surprise," Mr Primakov wrote in an extensive account of the diplomatic initiative, published in the Pravda newspaper at the weekend.

"Up until the last moment, Saddam Hussein thought that international coalition forces would not begin combat operations. This was one more blunder committed by him."

Mr Primakov records that when he met Mr Saddam three weeks ago, the Iraqi president appeared to be under strain.

"He sat by a fire hearth, took off his army greatcoat and, as usual, undid his pistol belt and put it on the ground. I suddenly realised that he was thinner. He had lost 15 or 20kg since our last meeting."

Mr Primakov writes that he attempted to convince Mr Saddam on the eve of the ground attack that his position was hopeless.

On behalf of Soviet President Mikhail Gorbachev, Mr Primakov urged the Iraqi leader to withdraw his forces from Kuwait unconditionally.

"It was then," writes the Soviet envoy, "that the first breakdown occurred.

Saddam Hussein began to ask questions: could he be sure that 'soldiers retreating from Kuwait wouldn't be shot in the back' and that attacks on Iraq would stop once his soldiers had left Kuwait... At the same time Saddam began to hint at the possibility of a change of regime in Kuwait." The ensuing Soviet peace efforts failed.

Mr Primakov's memoir is designed to show that Moscow was not soft on Mr Saddam.

He recalls his words to Mr Tariq Aziz, Iraq's foreign minister, as they strolled through the garden of the Soviet embassy in Baghdad between allied bombing raids. "I told Tariq Aziz that Iraq was making one mistake after another, that it was trying to retain something that could not be retained and that it would soon find itself in a dead end from which there was no exit."

Congressional leaders insisting on tight oversight of funds obtained from abroad

Allied contributions may cover war cost

By Peter Riddell

THE US may cover most, if not all, the extra military costs of fighting the Gulf war out of contributions from allies, such as Kuwait, Saudi Arabia, other Arab states, Germany and Japan.

The administration has so far requested $15bn (£7.8bn) from Congress in taxpayer funds, in addition to $53.5bn pledged in foreign contributions in cash and services.

Mr Richard Darman, the budget director, has said the quick end to the war might mean that foreign contributions would cover everything.

"It is not impossible that the total cost will come in at $53.5bn." The administration would, he said, return to the Treasury any funds that were not needed.

Mr Robert Reischauer, director of the Congressional Budget Office, estimated last week that "allied contributions may well offset the substantial majority of the added costs of the war".

He estimated that the entire operation would probably cost about $45bn.

However, only $14.9bn of the contributions have so far been received, of which $10.5bn has come from the Gulf states and nearly $3bn from Germany. Japan has disbursed only $1.3bn of a promised $10.7bn.

The administration's requests are unlikely to be scaled back until it is seen whether the promised foreign contributions are fully paid over. There is particular uncertainty about whether $9bn pledged by Japan for the first three months of this year will all go to the US.

Mr Reischauer has raised questions about whether the Pentagon is overstating the costs of the war in, for example, its estimates of additional fuel bills (based on higher oil prices than at present) and of the amount of equipment to be replaced.

However, the US faces substantial post-war costs in view of the time needed to wind down the current deployment of 539,000 troops in the region. The administration has estimated continuing costs of $7bn plus $5bn to return troops and equipment to bases in the US and Europe.

Congressional leaders have insisted on tight oversight over the use of funds obtained from abroad to ensure that the Pentagon does not use the war to obtain approval for money not needed.

Weapon manufacturers are also seeking to anticipate future cuts in defence spending by ensuring that orders are made now.

For instance, funds have been allocated to purchase 500 of the upgraded Patriot anti-missile systems, even though it is estimated that no more than 150 were used in the war.

Bush urged to capitalise on popularity

By Peter Riddell

PRESIDENT George Bush is being urged by senior Republicans to use his record popularity to press ahead with domestic and international initiatives.

A poll taken last Friday by Gallup for Newsweek magazine gives Mr Bush an approval rating of 89 per cent. This compares with ratings of 91 per cent in a USA Today poll conducted on Thursday in the immediate aftermath of victory and of 85 per cent in a Wall Street Journal/NBC News poll, conducted on Tuesday and Wednesday.

Moreover, according to the Newsweek poll, 65 per cent are now satisfied with the way things are going in the US, up from 29 per cent last October.

These ratings, and the widespread praise being offered to Mr Bush, have led to calls from Republicans that he should use this opportunity to press his domestic agenda and new international initiatives, especially in the Middle East.

An indication of Mr Bush's approach will come on Wednesday when he addresses a joint session of Congress.

The latest polls show high ratings for the military commanders in the crisis, Generals Colin Powell and Norman Schwarzkopf, in contrast to the continuing low ratings for Vice-President Dan Quayle.

However, Mr John Sununu, the White House chief of staff, sought over the weekend to squash speculation that Mr Quayle might be dropped in next year's presidential election. He said "a Bush-Quayle ticket is lock-solid in 1992". Responding to talk that Mr Powell might be considered, Mr Sununu said the general had indicated that he would like to be considered for another term as chairman of the joint chiefs of staff.

The popularity of Mr Bush poses considerable problems for the Democrats looking for a candidate for 1992. Senator Sam Nunn, a possible Democratic contender and an opponent of fighting before the war started, said yesterday that Mr Bush was deservedly popular, adding, however, that there were "tremendous economic and social challenges back home and the opposition party has a duty to point those out".

Mr Nunn said it was healthy that the Democrats did not have anybody running now. "The problem of the Democratic party in the past is that we've always had the messenger before we've had the message. I think we need to work on the message now."

NEWS IN BRIEF

General among 1,405 men taken prisoner

THE US Navy rounded up 1,405 Iraqi soldiers – including a brigadier-general – from the Kuwaiti island of Failaka yesterday, a US military spokesman said, Reuter reports from Riyadh.

The Kuwait flag was raised on the island after the operation in which the Iraqis were lifted off by helicopter, Brigadier-General Richard Neal said. He said the Iraqis had been told of the Gulf War ceasefire in leaflets and announcements by loud-hailer from helicopters.

The action took the number of Iraqi prisoners in allied hands to 63,400, about 800 of whom needed medical treatment. Two prisoners had died of malnutrition and dehydration, Brig-Gen Neal said.

He said isolated skirmishes were still being reported, involving Iraqi soldiers who did not know about the ceasefire.

Britons to start leaving soon

Mr John Major, British prime minister, has indicated that Britain may begin to withdraw some of its forces from Kuwait in three weeks', our Political Staff write.

In an interview published today by the Scotsman newspaper, Mr Major says he cannot give a firm pledge on the timing of their return but adds: "There is a huge amount of clearing up and other matters to do, but I would hope that we could start bringing them home in three weeks' time."

"I will try to bring those who were in the forefront of the fighting home first if there is an opportunity to do so," he adds.

Defence secretary Tom King visited British troops in Kuwait yesterday, congratulating them on the "extraordinary" allied victory and promising them they would be home soon, AP reports from Manama, Bahrain.

Estimate of oil spill reduced

About 2m barrels of crude spilled into the Gulf during the war, less than a fifth of the original estimate of feared pollution in the strategic waterway, Gulf oil industry sources said yesterday, Reuter reports from Bahrain. This – the equivalent of a supertanker cargo – is still eight times the amount of crude spilled in the Exxon Valdez disaster and has already polluted dozens of beaches on the Gulf coast.

France unfreezes assets

France's Finance Ministry said yesterday it was lifting a freeze on Kuwaiti assets introduced after Iraq invaded the emirate on August 2, but restrictions on Iraqi assets remain, Reuter reports from Paris. It said the measure would come into force today.

GCC ministers debate security

ANY regional security system set up after the Gulf war must take account of international as well as Arab security interests, a Gulf minister told a meeting of the Gulf Co-operation Council yesterday, Reuter reports from Nicosia.

Qatari foreign minister Mubarak Ali al-Khater said: "We should seek to lay down a practical formula based on solid foundations and on joint interests."

He was addressing a meeting of foreign ministers of the six members of the GCC – Saudi Arabia, Kuwait, Bahrain, the United Arab Emirates, Oman and Qatar.

The GCC ministers are due to meet the foreign ministers of Egypt and Syria in Damascus tomorrow.

Forty nations have suffered the economic equivalent of a natural disaster, Commons committee is told

Aid sought for Third World countries hit by Gulf crisis

By Peter Montagnon, World Trade Editor

THE Gulf crisis has cost Jordan some $1.77bn (£920m) more than a quarter of its annual economic output, according to a memorandum to the UK House of Commons select committee on foreign affairs by six leading charities*.

At least 40 developing countries, from Paraguay to Mozambique, have suffered the economic equivalent of a natural disaster as a result of the Gulf crisis and should now be the subject of a special aid effort, the document says.

Drawing on specially commissioned research by the Overseas Development Institute, Britain's leading development think-tank, it marks one of the first attempts to quantify the cost of the crisis to the developing world through higher oil bills, loss of exports and loss of remittances from foreign workers.

The largest loss in financial terms has been suffered by Turkey at $3.36bn, it says, though this was only 4.5 per cent of GNP. In relative terms Yemen suffered worst with a cost of $830m, amounting to 10.4 per cent of GNP.

But it adds that the cost has spread far beyond the so-called front-line states. Sri Lanka suffered a loss equivalent to 3.7 per cent of GNP, Pakistan 2.1 per cent, the Dominican Republic 2.7 per cent, Jamaica 2.4 per cent and Botswana 3.2 per cent.

The cost to India has been $1.6bn, the third largest in monetary terms, even if this is only 0.6 per cent of economic output. Egypt suffered a loss of $985m or 2.9 per cent of GNP.

The rise in oil prices that followed the outbreak of the crisis has turned out to be temporary, it says. This raises doubts about whether multilateral agencies such as the World Bank and International Monetary Fund were right to recommend that higher fuel costs should be passed on to consumers.

The effect has been to aggravate the problem of absolute poverty, the charities say, and there is a clear case for relaxing conditions on aid.

The problem affects a number of African countries, such as Ethiopia, which were already suffering food shortages before the Gulf crisis.

The extent of it means that relief operations should not discriminate against countries such as Yemen, which supported Iraq.

The World Bank should use part of the record net income it is expecting this year to tackle the problem, they add.

The United Nations charter provides for compensation to countries affected by Security Council decisions, but lacks the finance to provide assistance.

The total loss of income to the 40 countries that have lost more than 1 per cent of economic output – the measure which puts the problem on an official par with a natural disaster – amounts to only $12bn. This is small compared with the overall cost of the war, and less than the $13.6bn in aid pledges by industrial countries for the frontline states.

This aid has, however, been narrowly focused, with $10.5bn earmarked for Egypt, Turkey and Jordan.

Outlining the effect of the crisis, the memorandum said travel costs in big Pakistani cities had doubled and now amounted to a quarter of average monthly earnings. Yemen has suffered a loss of worker remittances amounting to $400m.

**The Economic Impact of the Gulf Crisis on Third World Countries, published by the Catholic Fund for Overseas Development, Christian Aid, Catholic Institute for International Relations, Oxfam, Save the Children and the World Development Movement. Available from Oxfam, 274 Banbury Road, Oxford OX2 7DZ*

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Carriers begin carve-up of 16 Air France routes

By William Dawkins in Paris

THE first steps towards free competition in French air travel take place over the next six months as airlines implement the government's decision to hand 16 Air France routes to independent carriers.

The main beneficiary of the carve-up, the first stage of an 18-month agreement made with the European Commission last October, is TAT, the largest regional French airline. It will receive six routes.

While the national carrier now owns 25 per cent of TAT – it recently sold 10 per cent – it has promised Brussels to dispose of its stake by June 1992.

Although Club Mediterranée, the leading French holiday village group, had been widely tipped to emerge as the principal winner in the shake-up, its interests won only five routes, fewer than hoped.

Club Med had bought control of two air charter companies over the past year – Air Liberté and Minerve – in anticipation of the share-out.

The re-allocation of routes is the main condition demanded by Brussels for allowing Air France to take over last year its two main domestic competitors, Air Inter and UTA. This gave it a 97 per cent share of the French market.

There will be a second route share-out in two months, when Mr Louis Besson, the French transport minister, aims to put 22 international routes out to free competition, with a third round late this year.

By early 1992 Air France has agreed to surrender its monopoly of 50 international and eight domestic air routes.

Mr Besson said: "Brussels will be able to appreciate that we have made a positive step and not sought to put off our agreements, despite the crisis."

The moves towards competition come just one week after the French government handed FFr2bn ($387m) of fresh capital to Air France, designed to cover investment rather than the airline's heavy losses.

Fifteen of the lines parcelled out in this first round of allocations are international, with one domestic route linking Paris and Nice.

They are estimated to be worth up to FFr1bn in annual revenues.

The independents have six months to open their new routes.

Minerve wins the Paris to Nice, Nice to London and Paris to Barcelona routes, while Air Liberté takes on two routes from the French capital to Rome and Montreal.

TAT will have routes from Paris to London, Milan, Stockholm, Munich, Frankfurt and Copenhagen.

The remaining routes go to three smaller airlines, Air Littoral, flying from Paris to Dublin, Manchester and Amsterdam; Euralair flying from Paris to Madrid; and EAS flying from the French capital to Lisbon.

The government has also re-allocated among the independents 16 routes from French cities to European destinations, which were abandoned by Air France last November as unprofitable.

It has also given Air Littoral a new route from Montpellier to Madrid.

Largest clinical heart attack study favours older drug

THE largest clinical comparison so far of heart attack treatments has shown that two widely publicised new "clot-busting" drugs are no more effective in saving lives than a cheaper 35-year-old drug, *writes Clive Cookson.*

Results of the trial, known as Isis-3, will be important ammunition in the intensely competitive battle to sell thrombolytic (clot-dissolving) drugs to European and American hospitals treating 1.7m heart attack victims a year. The market is worth several hundred million dollars a year.

The study, published at the weekend, involved 46,000 patients in 20 countries. It showed streptokinase, a drug developed originally in the 1950s and now made by Kabi Pharmacia of Sweden and Hoechst of Germany, reduced mortality among the Isis-3 patients as effectively as the two modern drugs studied, tPA and Eminase, which cost between five and 10 times as much. An advantage of using streptokinase, according to Isis-3, is that it causes fewer strokes than the other two drugs as a side-effect.

Dr Rory Collins, who co-ordinated the study at Britain's Oxford University, said all three drugs saved lives. "But given that there's evidence streptokinase is safer, it seems like a more prudent choice outside clinical trials. It's certainly a bargain."

The manufacturers of the other drugs – Genentech of the US and SmithKline Beecham of the UK – maintained the conditions of Isis-3 did not allow them to show their superiority.

SmithKline said: "In normal use, when it is given according to its prescribing information rather than under the constraints of the Isis-3 study design, Eminase can be given to patients more quickly and easily than any other thrombolytic agent. This increases its life-saving potential."

Genentech pointed out that the tPA studied in Isis-3 was made by Wellcome of the UK and was not Genentech's version (trade name Activase). Although Wellcome abandoned its tPA last year after a US court ruled that it infringed Genentech's tPA patent, Genentech says the two versions are medically different.

Genentech recently filed a lawsuit against SmithKline Beecham for allegedly suggesting in advertising material that Isis-3 would apply to Activase.

Conservation row threatens to scupper EC fishing policy

David Gardner on an appeal to cut fleet capacity

THE European Commission is not known for voluntarily relinquishing its powers, which grow steadily as the Community strides towards the single market.

That may change if Mr Manuel Marin, commissioner in charge of the EC's fishing industry, carries out his threat to hand back responsibility for the Common Fisheries Policy (CFP) to the Twelve unless they accept his radical conservation programme.

Mr Marin's central contention, backed by evidence from the independent International Council for the Exploration of the Sea (ICES), which advises the Commission, is that the EC fleet has 40 per cent overcapacity.

This has resulted in overfishing which, in main species, has lowered to crisis levels the spawning stock biomass – the number of adult fish needed to produce the eggs for the species to survive.

Of the 35 main Atlantic stocks, the "mortality rate" is at least four times higher than sustainable in 14 species, including cod, haddock, plaice and herring. In eight species it is two to four times higher, and in a further 10 over the so-called "target value".

In Mr Marin's view this makes fisheries no different from the coal or steel industry – it has to reduce capacity. "Nobody objects to seasons for hunting deer and game," he adds. "It's just the same for fish."

The analogy has not persuaded fisheries ministers to adopt his stringent conservation plan. He has now given them to the end of the year to do so before, as he puts it, "withdrawing the legal basis" of the CFP.

This would be done by issuing a "recommendation" rather than a legally binding regulation. After that, "if you want to fish with Polaris missiles, that's up to you," Mr Marin says.

The eight-year-old CFP treats the Community as a single coastal state. But unlike the Common Agricultural Policy, which generates huge food surpluses at vast cost, part of which is dumped abroad, the CFP is designed to create a structural shortage of fish, sucking in imports.

The EC industry is the fourth largest in the world, extracting some 8m tonnes from the sea, worth Ecu6.7bn (£4.7bn) in 1988, when the Community imported Ecu5.7bn of fish, making it the world's largest importer.

Constraints on domestic fishing are to preserve fisheries as a resource.

If Mr Marin carried out his threat, the Commission would be applying the principle of "subsidiarity", which holds that the Community should not interfere in policy best developed at national level.

The Commission would also be making national fisheries ministers and governments responsible for whatever future the industry has.

The EC's 300,000 fishermen do not have the political clout of its 9m farmers. But they live in dense coastal clusters, and through the jobs they create on land form part of a 2m-strong industry.

The main conservation weapon now deployed is quotas – total allowable catches (TACs) – applicable to the sectors into which EC waters are divided and shared out among the member states. TACs have come down sharply, but measures to reduce capacity have failed to prevent fleets expanding. Modernisation of fishing boats, through use of technology such as radar to locate shoals, has also expanded capacity.

In December Mr Marin had ministers agree to a further one-and-a-half important "structural" measures; vessels in areas of the North Sea with a concentration of immature cod now have to stay in port for eight consecutive days each month, and some funding to compensate fishermen for decommissioning boats was approved.

What did not get through were the "technical conservation" measures which the young Spanish commissioner regards as necessary to guarantee a future for fisheries. These provided for an increase in net mesh sizes to allow immature fish to escape, the banning of drift-nets – the fishing equivalent of a scatter-gun – and closer monitoring of quotas.

The Commission expects to win consent to ban drift-nets in May or July. But Mr Marin is determined that net mesh sizes will rise from the 90mm or less used now to 120mm, and be square instead of diamond-shaped.

With a selection of nets furnished by his frequent adversary in the Council of Ministers, UK fisheries minister David Curry, he demonstrates the effect of the narrower, diamond mesh: "Nobody gets out of here," he says. With 120mm square mesh, 50 to 60 per cent of fish escape.

He also wants to introduce mandatory "blue boxes" on vessel so they can be tracked by satellite. These would monitor fishing vessels' location and speed, and therefore compliance. Using wider nets at greater speed narrows the mesh.

Currently, moreover, there is widespread abuse of quotas and poaching between sectors. Member states, which are in charge of enforcement, do not have the means and have not shown the will to apply sanctions. Until last year the EC did not even have a register of fishing vessels.

That was one of the main reasons the CFP was not included in the so-called "structural funds", available to help finance industrial change and promote economic cohesion within the Community.

Mr Marin intends to change this from 1992 to allow compensation averaging about £200,000 for each boat scrapped. The new funds would be aimed at "areas highly dependent on fisheries", just as regions in industrial decline are covered by EC regional policy.

The difference, Mr Marin thinks, will be speed of recovery. "The oceans are not like the rain forests. Stocks recover quickly if you give them the chance."

There is some evidence that his ideas are gaining ground.

The UK, Denmark and Germany plan to offer their fishermen a reprieve from their eight statutory days a month in port, provided they use a mesh size of 110mm diamond.

But if all goes according to plan, and the squeeze on the industry proves temporary, the end of 1992 will still not see a single-market philosophy imprinted on the CFP. National quotas will remain, with fleets matched against stocks to ensure balance and long-term supply.

If things do not go well, what common ground there is in the EC fisheries policy may disappear. And while fishing with Polaris missiles still looks unlikely, a continuation of current rates of attrition, which threaten to force fishermen out of jobs, does not.

MRS Gro Harlem Brundtland, Norway's prime minister, wants to revitalise negotiations between the European Free Trade Association (Efta), of which Norway is a member, and the EC to establish the so-called European Economic Area (EEA), writes Karen Fossli in Oslo.

Negotiations have stalled on demands by both sides related to fishing. Efta is seeking free access to EC markets for its fish and fish products while the EC wants free access to the fish resources of Norway and Iceland.

Mrs Brundtland has invited Mr Frans Andriessen, EC commissioner for external affairs, to visit the remote north Norwegian region of Finnmark, where the population is dependent on the fishing industry.

Poles base new party on German CDU

CONSERVATIVE politicians from the Solidarity movement formed a Christian Democratic party yesterday, which they expect to emerge as Poland's biggest political force in parliamentary elections in May, Reuter reports from Warsaw.

The Centre Agreement party, the strongest group to emerge so far from the break-up of Solidarity as a political movement, is modelled on Germany's ruling Christian Democratic Union (CDU).

The party elected Solidarity Senator Jaroslaw Kaczynski as its leader at its founding congress which was attended by senior observers from the Christian Democratic parties of Germany, Italy, Austria, France, Spain, Sweden, Switzerland and from the European Parliament. Mr Kaczynski has close ties with President Lech Walesa, who is not a member but made his sympathies clear in a letter read to the congress.

A similar letter was read from the secretary of the powerful Roman Catholic bishops' conference. Mr Kaczynski told the congress the party's programme was based on Catholic social teaching and capitalist economics. "Poland needs a strong Christian democracy," he said.

"The road to a market economy has no alternative in Poland. The country cannot leave that road," he added.

Mr Kaczynski formed the Centre Agreement last year among Solidarity parliamentary deputies as a loose political movement to challenge Solidarity leftwingers. It backed Mr Walesa's bid to become president and speed up political and economic change.

Housing minister Adam Glapinski, a radical market economist and senior member of the new party, said it expected a big role in Polish politics and would have Church support.

"This is the main centre of conservatism in Poland. It must get stronger," Mr Glapinski said.

"I don't know how many votes we will get in the elections but I am sure we will be the strongest party."

Albania bolsters economy

ALBANIA has stopped all food exports, declared a freeze on investments and announced staff cuts in its top-heavy administration in an effort to boost its ailing economy, the official ATA news agency said on Sunday, Reuter reports from Vienna.

The country's new government has allocated more hard currency for food imports and essential raw materials and wanted to improve conditions for domestic production, the agency said. Administrative staff cuts include a 50 per cent reduction in the number of diplomats and trade representatives abroad.

Albania's new government, appointed a week ago by President Ramiz Alia, is faced with an economy and political system on the verge of collapse after nearly 50 years of Stalinist rule which isolated the small Balkan country from the rest of the world. Alia, who took over after a 40-year iron-fisted reign by former dictator Enver Hoxha, has cautiously introduced some reforms.

Swiss lower voting age

SWITZERLAND went to the polls yesterday for a referendum which gave its 18-year-olds the right to vote in federal elections, Reuter reports from Geneva.

By a majority of 72.8 per cent to 27.2 per cent, the Swiss referendum enabled the minimum voting age at federal level to 18 from 20.

Most cantons already allow 18-year-olds to vote at a local and cantonal level. Sunday's referendum does not force the others to lower the voting age at a sub-federal level to 18.

A similar referendum failed in 1979.

Sri Lankan minister killed in bomb attack

By Mervyn de Silva in Colombo

A Sri Lankan policeman guards the wreckage after a weekend car bomb killed the deputy defence minister, Mr Ranjan Wijeratne

MR Ranjan Wijeratne, deputy defence minister and the most powerful member of President Ranasingha Premadasa's cabinet in Sri Lanka, was killed on Saturday when his bullet-proof car and three escort Jeeps were blown to pieces.

Explosives packed in a minibus, police said, were detonated by a sophisticated remote-control device. The bus was parked on a route the minister used to take each morning.

Five bodyguards, three policemen and 31 pedestrians died in the blast, and 80 others were injured.

"Even the IRA would have envied this cold-blooded professionalism," said a western diplomat. Others described it as a Beirut-style operation.

Mr Chandra Shekhar, Indian prime minister, was the first foreign leader to condemn the attack, calling it "senseless" and "dastardly". Pro-India Tamil groups branded the killing as "terrorist."

The Tamil Tigers (LTTE) separatist guerrilla movement in Sri Lanka's Tamil north has remained silent. Mr Wijeratne, more than any other Sri Lankan, was responsible for pressing the authorities in New Delhi to crack down on terrorists in Tamil Nadu, the south Indian state nearest Sri Lanka and the rear-base and supply source for the Tigers.

The Tamil Nadu chief minister, Mr M. Karunanidhi, India's foremost Tamil nationalist, was the most powerful patron of the Tigers. His main challenger, the film actress Jayalalitha, is an ally of Mr Rajiv Gandhi, leader of the Congress-I party in India.

Responding to Mr Gandhi's views, and to Sri Lankan pressure, the Indian government recently dissolved the Tamil Nadu state assembly. This was followed by a crackdown on LTTE operations in India, and on the smuggling of arms from there to northern Sri Lanka.

As defence minister, Mr Wijeratne had openly disagreed with Mr Premadasa's policy of peace negotiations with the guerrillas.

This difference of policy has been evident since January, the Sri Lankan army having been mounting a relentless drive against the LTTE in the north-east.

With active support from rival Tamil groups, Mr Wijeratne was able to push the LTTE from large parts of the east.

While his use of the air force to hit urban centres in the north has been strongly criticised by western aid donors and human rights groups, Mr Wijeratne's campaign has hurt the Tigers.

They have been held responsible by Tamil citizens' groups for having forced thousands of innocent Tamil families to find shelter in refugee camps.

Guerrillas quit war for politics in Colombia

By Sarita Kendall in Bogotá

THE POPULAR Liberation Army (EPL), a Maoist guerrilla group which fought in the Colombian countryside for more than 20 years, is surrendering its arms to become a political party, with two representatives in the present constitutional assembly.

Nearly 2,000 rebels living in temporary camps have handed over their guns, following the example of the M-19 guerrillas, who have already turned into a significant political force.

Former guerrillas are to be paid the equivalent of £65 ($125) a month – more than Colombia's official minimum wage – while they seek jobs and adapt to their abandonment of clandestinity.

One of the biggest EPL contingents fought in the north-western banana region, where hundreds of peasants caught between guerrilla and paramilitary groups have been massacred. Now the rebels are to be offered jobs with banana companies.

A demobilisation of the EPL, however, allows the two strongest guerrilla armies in Colombia – the ELN and the FARC – to expand into its territory.

Alcoa takes 60% of Venezuela debt swap aluminium project

By Joe Mann in Caracas

THE Venezuelan cabinet has approved a $1.24bn (£640m) aluminium project – the first in a series of big aluminium schemes involving debt-equity swaps and now under consideration. Alcoa Aluminum of the US is to be the majority stockholder.

Debt swaps will represent $372m of the total investment in the new smelting venture.

The project involves building a plant for producing primary aluminium in Venezuela's heavy industry centre at the eastern city of Ciudad Guayana. The plant will consist of two production lines, with total installed capacity of 300,000 metric tonnes a year. Most of the output will be exported.

Partners in the new venture – agreed at the weekend – will be Alcoa, which will hold not less then 60 per cent of total shares, the Venezuelan government's CVG industrial group, and a private Venezuelan aluminium producer, Grupo Sural CA. The last two entities are to hold a maximum of 15 per cent each.

Alcoa was reported as having been willing to take all the shares in the venture, which has been on the drawing board for several years. Talks on the final division of equity among the shareholders are continuing.

The cabinet was reported to have approved another debt-equity swap, to finance part of an expansion of the capacity of an existing aluminium plant, Alcasa. Its partners are Reynolds Aluminum of the US and the CVG.

Anand Panyarachun receives his royal appointment as premier

Thai military appoints businessman as PM

By Peter Ungphakorn in Bangkok

THE Thai military has appointed a well-known businessman and former diplomat as prime minister, a week after it seized power. This was seen as a bid to revive political and business confidence.

Mr Anand Panyarachun, 58, is president of the Federation of Thai Industries and executive chairman of Saha Union, one of the country's largest business groups. His appointment surprised some analysts who had thought his views too libertarian for the military.

He acknowledged yesterday that he disagreed with some provisions of the interim constitution, under which he has been appointed, including the dominant powers the six-man junta has retained for itself.

Mr Anand, who attended Dulwich College in London before studying law at Trinity College, Cambridge, left the diplomatic service in 1978.

He had served as ambassador in Washington and Bonn, and was permanent secretary at the foreign ministry at the time of the 1976 coup.

Mr Anand is expected to announce a cabinet mainly of technocrats, but probably with some military men in charge of security ministries, within a few days.

He has been a forthright advocate of private enterprise and a critic of the more protectionist aspects of Thai policy.

The new premier said yesterday his government would emphasise freer trade and competition, and investment in infrastructure. This is likely to mean continued privatisation.

He indicated that Thailand would try to improve ties with its neighbours in Indo-China.

Pakistan 'doing better' in fight against drugs

By Farhan Bokhari in Islamabad

ISLAMABAD has made progress in its efforts to enforce a ban on poppy cultivation in the areas under its control, says a report on narcotics production and trafficking in Pakistan, published by the US embassy at the weekend.

However, Pakistan's efforts against big traffickers and heroin-producing laboratories have not been vigorous or effective, especially in the semi-autonomous northern tribal areas, the report adds.

The annual report was released a day after President George Bush had certified to the US Congress that Pakistan had taken positive steps towards curbing the flow of illegal drugs.

Among important positive steps, the report cites the establishment of a full federal ministry for narcotics control and seizure of large quantities of drugs during enforcement operations in 1990.

The report also quotes the Pakistani government's estimate that there are 1.2m heroin addicts among a total of 2m drug addicts in the country.

There are 30 drug treatment centres in Pakistan, but most have a reported cure rate of about 20 per cent with an unknown number of relapses, it adds.

New leader in São Tomé

A FORMER dissident, Mr Miguel Trovoada, was elected president of the tiny West African state of São Tomé and Principe yesterday, completing its move from one-party rule to multi-party democracy, Reuter reports from São Tomé.

The withdrawal of the two other candidates last week made polling a formality.

The former prime minister, political prisoner and exile had looked a certain winner once President Manuel Pinto da Costa, who has ruled the twin-island republic since independence from Portugal in 1975, decided not to stand.

Mr Pinto da Costa announced this after his party had relinquished its monopoly of power and then was beaten in multi-party elections on January 20.

Mr Trovoada, a 54-year-old lawyer, was prime minister under him from 1975 to 1979, when he was dismissed and jailed for 21 months after a quarrel with the president. He was allowed to go into exile in Paris in 1981. He returned home last May.

Business gloom behind directors' Budget appeal

By Michael Cassell, Business Correspondent

BUSINESS confidence has continued to collapse in the first weeks of this year, according to the Institute of Directors.

The IOD's latest survey of members' opinions, conducted among 200 companies, shows that confidence among company executives is at its lowest point since the exercise was started in 1983.

Nearly three quarters of the companies approached said they were less optimistic about the outlook than they were six months ago.

Mr Peter Morgan, IOD director-general, said the ending of the Gulf war should help to raise optimism, while the latest cut in interest rates would *marginally* ease pressures on companies. But he added: "This is a really awful picture. The majority of businesses have clearly found the last two months extremely harsh."

Mr Morgan called on the government to take action in the budget to help business. He urged a reduction in corporation tax – which ministers already appear to have ruled out; a cut in the waiting period for VAT bad-debt relief; and the elimination of higher, marginal tax rates on profits of between £200,000 and £1m.

He added: "The extent of business misery evident in the survey proves that these measures are absolutely vital to help business survive and leave room for investment."

One encouraging aspect of the survey is that investment levels have remained fairly steady. Nearly half the companies involved said they expected to continue to invest over the next six months, in spite of the uncertain outlook.

Nearly one third of companies expect employment levels in their businesses to fall during the next six months, however. Almost half said their main concern was low demand for products or services. Cash flow difficulties ranked second. Even so, 43 per cent said they believed their companies were still performing fairly well.

GDP will fall by 2%, Goldman Sachs warns

By Jim McCallum

THE UK economy is in danger of slipping into a deeper recession than expected, in spite of the recent reductions in interest rates, leading City economists warn today.

Goldman Sachs, the US investment bank, believes the UK economy will contract by 2 per cent during the first half of this year, compared with an average of 0.6 per cent predicted by other analysts.

Although output is likely to stop declining during the second half of this year, Goldman warns that the government must reduce interest rates more slowly than the foreign exchange market is expecting.

However, Dr David Lomax, group economic adviser at National Westminster Bank, says in a separate report that the government can afford to cut interest rates without jeopardising sterling's position within the exchange rate mechanism of the European Monetary System.

He says: "With the economy clearly in recession, interest rates should be reduced as quickly as possible in further half per cent stages."

Mr Christopher Johnson, chief economic adviser at Lloyds Bank, says the abolition of income tax relief at the higher 40 per cent rate on mortgage and pension contributions and the extension of national insurance contributions to fringe benefits such as company cars might pay for lower company taxes.

"There is a good case for alleviating the misery of the company sector, where profits are being squeezed, and paying for it out of the still far too rapidly rising incomes of the higher-paid in the personal sector, who got the main benefits of the tax cuts of the late 1980s," he argues.

Call to tie tax income to specific spending

By Peter Norman, Economics Correspondent

BRITAIN should make greater use of "earmarked" taxes, which allocate particular tax revenues to particular forms of government spending, according to two studies published today by the Institute of Economic Affairs, a free market think-tank.

The papers say the time is ripe for a radical tax reform that would give voters a better idea of the costs of public services, such as health care, and open up a debate on how tax revenues should be spent.

In one paper, Mr Barry Bracewell-Milnes, a senior research fellow of the institute, points out that government spending on health is equivalent to about 12p of the current 25p-in-the-pound basic income tax rate.

If the government were to announce separate health and income taxes of, say, 12.1p and 12.9p respectively, public discussion of fiscal priorities would be better informed, he says.

In another paper, Mr Gabriel Stein, a Swedish economist, calls for more transparency in the tax system. He says that every taxpayer should receive once a year a breakdown of the way in which taxes are spent. Everyone paying National Insurance contributions should receive an automatic annual statement showing their entitlements and how much has been paid on their behalf.

The IEA studies emphasise that existing UK taxes that are supposed to be earmarked have revenues greatly disproportionate with the way tax receipts are spent.

The authors say that in road taxation – car tax, vehicle excise duties and duty on fuel – the government receives £231 a person a year and spends only £102 on roads; and that national health contributions cover only 17 per cent of total NHS spending.

Whither your taxes? IEA Inquiry 23, by Gabriel Stein. Free. The Case for Earmarked Taxes, by Ranjit Teja and Barry Bracewell-Milnes, Research Monograph 46, £7.95 plus 50p p&p. Both from IEA, 2 Lord North St, London SW1P 3LB.

Sterling's dilemma for Lamont over inflation policy

Peter Norman asks whether the medium-term financial strategy has a role in the era of the ERM

MR Nigel Lawson invented it. Mr John Major virtually ignored it in his Budget speech last year. A big question for Mr Norman Lamont as he draws up his first Budget as Chancellor is what should he do with the government's medium-term financial strategy for defeating inflation.

After Britain's entry into the European Monetary System's exchange rate mechanism, the strategy stands at a crossroads. It must be made compatible with an environment in which sterling is pegged against the D-Mark and other ERM currencies.

The MTFS was revolutionary when first introduced. It was intended to demonstrate to the nation that fiscal fine-tuning – the practice of making discretionary changes to taxes and public spending to influence output – was at an end.

From the beginning, the government emphasised that it was the job of monetary policy to control inflation. It argued that a highly active fiscal policy risked damaging the economy by giving false signals to investors and consumers. It opted for the medium-term objective of a balanced budget, because that would provide a clear and simple discipline for keeping public debt under control.

He devised it: Nigel Lawson

He ignored it: John Major

He is left with it: Norman Lamont

However, many changes took place behind that façade of apparent certitude. The successful targeting of money supply growth was found to be an elusive goal. The government tried and abandoned various money supply target measures before settling on M0, which consists mainly of notes and coins in circulation.

The objective of a balanced budget did not preclude budget deficits in the early years of Mrs Thatcher's first government, or the accumulation of large budget surpluses during the excessively strong economic growth of the late 1980s.

After 1984, the government began to take sterling's exchange rate into account in the MTFS. In Mr Lawson's 1988 Budget, the position of the exchange rate assumed a central role in monetary decision-making and sterling began to shadow the D-Mark.

Since last October, sterling has again been linked to the D-Mark, but in the more formal setting of the ERM. That has raised the question whether the main focus of the MTFS should be on monetary policy or whether it should address itself more to fiscal developments.

On the one hand, it has been argued that membership of the ERM limits the UK's room for autonomous monetary manoeuvre because British interest rates are determined by the Bundesbank.

At the same time, the government's finances are moving rapidly from surplus into deficit under the twin pressures of recession and increased public spending.

Should the government restate the fiscal element of the MTFS so as to reassure financial markets that the government is not losing control of the public finances? Should it be content to leave things broadly as they are, accepting that the move into deficit is a temporary phenomenon that will correct itself as the economy recovers? Or should it adopt a more active fiscal approach to offset the limitations on interest rates supposedly imposed by the ERM?

From what we know of Mr Lamont, it would be very surprising if he were to go down the path of fiscal activism. Although his objective is to balance the budget over the medium term, he is quite happy for the budget to show a "modest" deficit when output, as now, is depressed.

As far as monetary policy is concerned, the two ½-percentage-point base rate cuts last month while sterling was either at or close to the bottom of the ERM, suggest that the ERM is not the policy straitjacket that its critics have said. Sterling has been influenced by movements of the dollar as well as the D-Mark, while the fluctuation margins of 6 per cent either side of its DM2.95 central rate have provided some manoeuvring space.

Circumstances will be different, however, if sterling moves into the narrow 2.25 per cent fluctuation band of the ERM and becomes more closely tied to the D-Mark. As the government's stated policy is to move to the narrow EMS band when appropriate, the Budget should give it a chance to explain how such a move could be made compatible with the MTFS.

Major thought to be ready to abandon poll tax

By Philip Stephens, Political Editor

A PLEDGE by Mr John Major that the government would offer local authorities a "sustainable" system of finance for the 1990s has reinforced expectations in Whitehall that the prime minister is set to abandon the poll tax. The present system, however, looks likely to remain for another two years.

He also foreshadowed a significant shake-up of the structure of local government, with a hint that provincial towns would be allowed to opt for independent "county borough" status. That would erode, although not abolish, the present county tier of local government.

His comments to a conference of Conservative local-government activists came amid strong hints from ministers that the government's review had yet to agree on an alternative system of local taxation. The ministers also indicated that, whatever the outcome of the review, the poll tax charge would remain in place for another two years because of the time needed to push new legislation through parliament.

Leaks last month that Mr Michael Heseltine, the Environment Secretary, was advocating a return to a modification of the rating system have complicated the government's task by angering a vocal group of right-wing Tory MPs.

Whitehall insiders insist, however, that a return to some form of property tax still appears inevitable. An official with close links to the review said: "One thing is certain, the poll tax is not sustainable."

That view was reinforced when Mr Michael Portillo, the minister with special responsibility for the poll tax, dropped from his speech previous statements that the government was determined to keep the principle that every adult should contribute to the cost of local services.

Speaking at the same conference as the prime minister, Mr Heseltine sought to reduce the pressure for an early announcement with repeated statements that he would not be "rushed" into decisions. He is committed to producing an outline of the review's conclusions in time for the campaign for the May 2 local elections, but remains uncertain about the extent of agreement he can secure in the Cabinet by then.

Privately, ministers acknowledge that the options – ranging from a straight return to the rates to further changes to the poll tax – have all been examined exhaustively. The difficulty is each would create a new set of "losers".

One minister said there were strong minorities in the Conservative party both for retaining a modified poll tax and for returning to the rates. That implied that Mr Major would have to exercise "political leadership" to swing support behind the option he chose. Both the prime minister and Mr Kenneth Clarke, the education secretary, again ruled out the wholesale transfer of education funding to central government.

The damaging impact of the poll tax on the government's electoral prospects is expected to be underlined again on Thursday by a drop in Tory support in the Ribble Valley by-election. The party expects its majority to fall from more than 19,000 at the last general election to between 5,000 and 10,000.

Directors buy out Circle K store chain

A TEAM of five directors at the Circle K convenience store chain in the UK is staging a management buy-out from the company's joint owners, Circle K Corporation, of the US, and News International, the media group run by Mr Rupert Murdoch, writes John Thornhill.

The 230-store chain, which is mainly based in southern England, has an annual turnover of about £150m. No financial details of the buy-out have yet been released.

Mr David Liddle, the managing director, accepted that it was a bold decision to seek a buy-out in the present economic climate, but he added: "Convenience stores are more recession-resistant than the high street in general. We do not experience the boom the high street enjoys but nor do we experience the bust."

Circle K owns 163 of its convenience stores and licenses or franchises the rest. The company runs stores at 15 petrol stations in the UK and has plans to expand in the field.

US Circle K Corporation, the UK chain's joint owner, has been plagued by financial difficulties and has been operating under protection of Chapter 11 of the US Federal Bankruptcy code since last May.

Former Parrot chief executive acquitted

MR Frank Peters, former chief executive of Parrot, the failed floppy disk maker, was acquitted on Saturday, after a four-week trial, of two counts of forgery.

The Chicago lawyer and businessman had pleaded not guilty at Cardiff Crown Court to forging extracts of the company's board meeting in order to induce Northern Trust Company, the British offshoot of an American bank, to guarantee a £2.5m European Coal and Steel Community loan to Parrot.

The judge had directed the jury to find Mr Peters not guilty of the first count after a handwriting expert last week pointed to significant differences between the signature on the document and Mr Peters' signature.

The jury reached its verdict on Saturday after deliberating for more than eight hours and being sent to a hotel on Friday night.

Power sale hopes

THE £600m public offer of shares in National Power and PowerGen, the two electricity generators, which closes on Wednesday, had attracted 120,000 applications by the weekend.

Only about half the forms have been analysed but on that basis the average application was for 640 shares worth £1,120 on a fully-paid basis.

The total number of applications doubled in the 24 hours before the latest tally was taken on Saturday.

Scottish Tories are caught on the rebound

James Buxton says some Conservatives think community charge abolition is suicidal

THE prospect that the poll tax may be abolished, as appears increasingly likely, is causing alarm in some quarters in Scotland.

Most obviously affected is the Conservative party, whose Scottish Office ministerial team rode over intense opposition to introduce the community charge in 1989, a year earlier than England and Wales. The party would not only lose face if the poll tax were abolished but might have to tell its supporters that something akin to the hated rating system was on the way back.

Council officials, who have never enjoyed implementing the poll tax, are also worried. They fear an enormous increase in already high levels of non-payment as people realise that the community charge is to be abolished and that the incoming system may cost them less.

Non-payment may shortly take a new turn in Scotland as a new class of non-payers makes its debut. They are people, many of them Conservative voters, who are willing to pay the bulk of their poll tax but say they will refuse to pay the surcharge many councils are imposing to make up for non-collection.

The latest trouble emerged as Scottish local authorities pushed up the average rate for 1991-92 by 29 per cent to £422. In Glasgow, people will pay £435, a rise of £123. Edinburgh will again have the highest poll tax in Scotland, at £584, a jump of 33 per cent.

How is it, ministers and some poll tax payers are asking, that councils have put up their charge by so much more than the rate of inflation, especially since the Scottish Office gave them a 10.4 per cent increase in their revenue support grant?

One reason is that many regional councils held down poll tax increases in the present financial year because of the regional elections last May – evidence, advocates of the community charge say, that the system does act as a brake on council spending. "You can only use your reserves to do that once," says Mr Albert Tait, of the Convention of Scottish Local Authorities (Cosla).

Another reason is the gearing mechanism of the system. The poll tax in Scotland meets only about 20 per cent of local-authority revenue, with the rest coming from central government and business rates, now fixed by the government. Because that 20 per cent is the only flexible part of their revenue, a 1 per cent rise in spending requires a 5 per cent increase in poll tax.

Even so, some councils, including the biggest, have made some cuts in their budgets for next year.

Much of the increase in poll tax is due to non-collection, especially in the central belt of the country. In Edinburgh, £66 out of the £146 increase in the poll tax is due to non-collection.

Scottish councils are still short of 14 per cent of the payments for 1989-90, the first year of the charge, and estimate that 11 per cent will never be collected. Councils had budgeted on average for a 6 per cent non-payment level but are only now adjusting their poll tax rates, while also taking a more pessimistic view of how much of next year's tax will be collectable.

What angers those who have paid their poll tax is evidence that some regional councils have dragged their feet over poll tax collection. The Accounts Commission, which monitors the performance of local government in Scotland, said recently that individual councillors who opposed the poll tax had "created the impression that certain councils may be less likely than others to use their full powers to enforce payment".

At every stage of the recovery procedure, Scottish councils acted much more slowly than many of their English counterparts did a year later, and more slowly than they did when they were levying domestic rates. Only this year did the first Scottish council authorise sheriff officers to seize goods for sale to cover poll tax debts.

The idea that poll tax payers should refuse to pay the surcharges that arise from non-payment by others is embarrassing the Conservatives. "I sympathise with the anger these people feel," said Mr Struan Stevenson, prospective Tory candidate for Edinburgh South, "but it's absolutely futile. It plays into the hands of opponents of the charge."

The embarrassment is nothing compared with that which the party would suffer if it had to abandon the poll tax altogether. Mr Ian Lang, now the Scottish secretary, spent much of the past four years justifying the poll tax, which he implemented under Mr Malcolm Rifkind, now the transport secretary.

Mr Allan Stewart, local government minister and staunch advocate of the poll tax, said last week it would be "virtually impossible" to try and defend a straight return of rates to Scottish Conservatives.

Domestic rates were much more resented in Scotland than in England – whereas England shirked regular revaluations, Scotland carried them out religiously. The last one, in 1985, produced an outcry, partly because of a big switch in the rates burden from city centres to the outer suburbs where many Tories live.

Not surprisingly Mr Lang, who is working with Mr Michael Heseltine, the environment secretary, in the poll tax review, is widely believed to be urging its retention. He talked last week of improving its "acceptability and effectiveness." He did not elaborate.

If there were a return to domestic rates, he claimed last week, Scots would find themselves facing rates bills 50 per cent higher than before the community charge was brought in, since local-authority spending has increased in the meantime. But he ruled out the idea of Scotland's adopting a different solution from England's.

Some Tories are warning that the party would inflict suicidal damage on itself in Scotland if it went back to the rates. Others are less sure. "I think a lot of us realise it's unfair, even though many of us benefit from it, and we should admit it," one Tory said.

Douglas Mason (above) is a tortured man as he contemplates the possible ruin of the community charge the blueprint of which he laid down in a 1984 pamphlet for the Adam Smith Institute, the free market think-tank.

Mr Mason is a rather nervous 49-year-old political researcher who lives in Glenrothes, Fife. He believes the community charge in Scotland is now "accepted more than it was a year ago, in a grumbling sort of way" and can see no reason to remove it. Mr Heseltine, he says, has created hopes for a solution to difficulties of local government finance that he cannot fulfil.

Mr Mason has two criticisms of the way the government implemented the poll tax. "First, they went for this crazy rolling register, which wants to know where people are living on every single day of the year: I proposed that people should register in one place each year."

Second, he says, "they have introduced this incredibly complicated rebate system which they keep altering." He had suggested that instead of the 80 per cent rebate, all people entitled to social security or pensions should be given 100 per cent of the average poll tax level for the country and be expected to pay full poll tax bills.

That way, he says, much bureaucracy would have been avoided, poor people would be conscious of high-spending authorities and those authorities would not be able to argue that their high poll tax levels were of little consequence to the badly off, since the payers were liable for only 20 per cent of the charge.

Non-payment is not the difficulty: it is non-collection, he says. Councils with urban populations, such as Fife, have been almost as effective at collecting the tax as rural ones on the Borders that have achieved 97 per cent collection. "Fife just got on and collected it," he says.

Government blamed for charge levels

By Richard Evans

BLAME for the level of next year's poll tax bills is placed on central government today in a report from the Local Government Information Unit.

The unit, which has the backing of trade unions and Labour councils, says it has identified 10 reasons, all outside the control of local authorities, why bills are going up in 1991-92.

It claims that its research demonstrates once again that the government has got its sums wrong and that payers of the community charge will have to make up any shortfall.

Among the reasons given for the higher bills, which are expected to average well over £400 in England and Wales – against the government's target of £380 – is that grant assumptions were based on a collection rate of 100 per cent. Such an assumption, the report says, had always been unrealistic.

The cost of uncollected poll tax and the cost of borrowing to avoid cash flow difficulties will be reflected in next year's bills. They will add about £40 to the average community charge.

The government had also assumed an inflation rate of 7 per cent in setting council spending targets, but inflation was running at 2 percentage points above that level. The bill for teachers' pay had gone up by 8.6 per cent, for example.

The true costs of administering the poll tax had not been allowed for. Keeping the register up to date was costing local authorities about £130m a year. In addition to that, collection costs were considerably more than twice those of the rates.

The report also argues that ministers had refused to take account of how councils used their reserves. In consequence, whereas last year many councils used reserves to keep the poll tax down, they would not necessarily be able to do the same again.

One key assumption made by the government was that council spending should rise by 18.9 per cent but the government's "share" of council spending had been increased by only 12.8 per cent. Community charge payers would have to pick up the difference – equivalent to more than £39 for every poll tax payer.

Mr David Blunkett, Opposition local government spokesman, said: "Ministers' fingerprints will be all over next year's poll tax bills.

"They will try to come up with alibis and excuses, but it is quite clear where the guilt lies . . . When we look at the true picture we can see it is central government which determines local bills and enforces cuts in services."

Nuclear power plans criticised

By David Thomas, Resources Editor

THE government should not build new nuclear power stations, says a critical report on nuclear energy published today by the Adam Smith Institute, a right-wing think-tank.

It marks a significant change of view for the institute, which until now has sided with most right-wing groups in firmly supporting nuclear power.

The institute says the existence of state-owned nuclear power companies will distort the newly privatised UK electricity market. It is sceptical about the economic justification for more stations. "No matter how the environmental or safety arguments stack up, the institute now sees them as overwhelmed by the absurdity of the economic case for nuclear power," it says.

The government was forced to set up two state-owned companies, Nuclear Electric and Scottish Nuclear, to run the nuclear stations after the attempt to privatise them collapsed in 1989.

The report says the companies should not build stations but should be restricted to running existing nuclear plant. That would bring automatic withering of state ownership of nuclear power over the next 15 years as stations close, says the report, by Professor Colin Robinson, an energy economist at Surrey University.

The government should hand over economic decisions about new nuclear stations to the private sector, it says. The new marketplace in electricity is likely to be a more reliable reviewer of investment decisions in nuclear power than an imperfect government, it says.

The institute believes the government's planned review of the future of nuclear power in 1994 will provide little independent information for the public but will be manipulated by the nuclear power companies and the Department of Energy to justify a new nuclear programme.

The Power of the State: Economic Questions Over Nuclear Generation. Adam Smith Institute, PO Box 316, London SW1P 2JH. £45.

'Rhetoric of sovereignty' should go, academic says

By Philip Stephens

A CALL for Britain to drop the "rhetoric of sovereignty" in the debate within the European Community over economic and monetary union is made today by a former adviser to Mr John Major, the prime minister.

Mr Andrew Tyrie, a prospective Conservative candidate at the next general election and a fellow of Nuffield College, Oxford, also urges the government to build a much closer alliance with Germany.

In a paper published by the Centre for Policy Studies, he concludes that Britain's approach to Europe over the last few years has left it marginalised in the debate over European integration. Yet the replacement of Mrs Margaret Thatcher and German reunification offered the government a new opportunity.

His study concludes that the political implications of monetary union have been exaggerated, undermining the credibility of the government's case for an alternative approach to closer co-operation.

Monetary union would not reduce Britain's status to that of a region in the EC.

A Cautionary Tale of Emu. CPS, 8 Wilfred Street, London SW1 E6PL. £5.95.

Birmingham Six appeal begins today

By Robert Rice, Legal Correspondent

THE 16-year ordeal of the Birmingham Six enters its final stage today with the start of the men's second full appeal hearing in less than three years at the Old Bailey in London.

The men's release is now regarded as a formality after the announcement by Sir Allan Green, QC, the director of public prosecutions, last week that the Crown would no longer seek to uphold their convictions as safe and satisfactory.

His announcement came after it was decided that the Crown could no longer rely on the evidence of any of the police officers in the case. Sir Allan had already announced at an earlier preliminary hearing that the Crown would not be relying on the scientific evidence against the men.

However, the judges who will hear the appeal – Lords Justice Lloyd, Farquharson and Mustill – have made clear that it is for the Appeal Court alone to decide whether the men should be freed.

Lord Justice Lloyd said the court had a duty to look at the fresh evidence and decide in the light of it whether the convictions were unsafe or unsatisfactory. The court has indicated that it will want to call witnesses. It is also expected to review what Lord Lane, the Lord Chief Justice, described during the men's 1987 appeal as a "wealth" of circumstantial evidence in the case.

The six – Mr Gerry Hunter, Mr Patrick Hill, Mr Richard McIlkenny, Mr John Walker, Mr Billy Power and Mr Hugh Callaghan – were jailed for life in 1975 for the November 1974 Birmingham pub bombings, in which 21 people were killed.

Insurers agree terms to speed asbestosis claims

By Richard Lapper

INSURERS in the London market have achieved a significant breakthrough in a dispute with European reinsurers over US claims arising from asbestos-related diseases.

After discussions which have been going on since 1988, an agreement has been reached that centres on the extent and type of information that London market insurers will be asked to supply to reinsurers. That should help speed up the payment of reinsurance claims, according to World Insurance Report, the Financial Times newsletter.

Over the past few years, London insurers have received claims worth many millions of dollars from awards to victims of asbestosis and other asbestos-related diseases, but have mitigated losses by reinsuring some of their exposures. However, direct insurers have been unhappy with the reluctance of reinsurers to pay up on US asbestos settlements.

Last month, the Asbestos Working Party, a committee representing underwriters at Lloyd's of London and on the London company market, reached agreement with six companies: Munich Re, Cologne Re and Gerling (of Germany), Swiss Re (of Switzerland), NRG (of the Netherlands), and Mercantile and General Re (of the UK).

Meanwhile, the market is also optimistic that the impact of insurance claims arising from the US banking crisis will be less than was first feared. A Lloyd's study group was set up last month to examine the implications for the London market, reflecting increasing concern about the potential size of insurance claims stemming from legal action against directors, officers, lawyers, accountants and property advisers associated with more than 450 failed savings and loans institutions.

More than 500 lawsuits by the Federal Deposit Insurance Corporation, the US government body that insures bank deposits, are outstanding. If successful, those actions could lead to claims under insurance policies taken out with both US and London insurers.

Initial estimates said claims on London market insurers might amount to as much as $5bn. Underwriters now say that the estimates are exaggerated, principally because most of the policies affected were written on a claims-made basis (in which a policy can only be claimed upon if the events that will lead to a claim are notified to the insurer during the life of the policy).

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Telecoms market may grow more competitive

By Hugo Dixon

A SHARP rise in British Telecom's line rental charges *may be allowed by the government* as part of a deal which would open the UK telecommunications market to much greater competition.

The increase would depend on BT producing other measures to protect poorer residential customers, who would be particularly disadvantaged by higher rental charges.

A deal might also involve the government capping BT's international prices, which are several times higher than costs. The company has criticised this proposal.

Such a deal would resolve the most contentious issue in the government's wide review of the telecommunications market and pave the way for an early announcement of the government's new policy.

It would also remove the remaining obstacle to the privatisation of the government's 49 per cent stake in BT, now worth £9bn.

The review was launched in November to examine whether BT and Mercury Communications, which control the market for fixed link services, should face more competition.

EMPLOYMENT

M and S delays training for graduates

By Michael Smith, Labour Correspondent

MARKS and Spencer has told two-thirds of the final year students promised jobs with the *company next September, that* it is delaying the start of their employment by a year because of the recession.

The retail group's decision suggests a worsening in the jobs market for higher education students. M and S is one of the largest recruiters of graduates among UK companies and its courses are among the most prestigious.

Until recently large companies with strong commitments to training have attempted to avoid swingeing cuts in graduate intake numbers in spite of the recession. Some, including British Telecom and British Petroleum have increased targets this year.

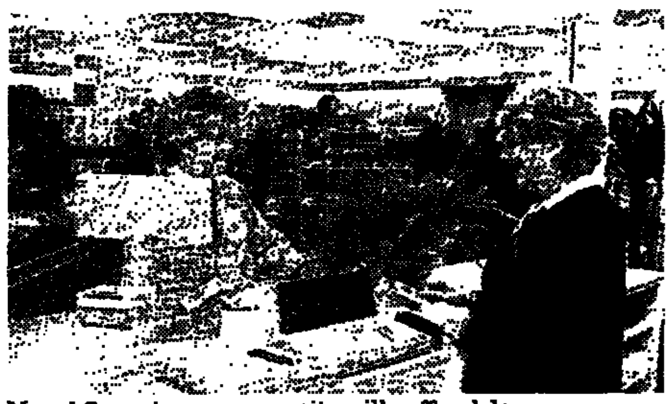
Marks and Spencer had already cut this year's intake to 150 from the unusually high figures of 230 last year and 210 in 1989.

Its latest decision means that only about 50 will start work this year. The remaining 100, who were offered jobs shortly *before Christmas, will have to* wait until September 1992 before they begin work.

The postponement decision is bound to affect the company's recruitment needs among students presently in their penultimate year at college.

Other companies which expect to cut graduate intake numbers this year include Lloyds Bank, which is taking on only about 100 compared to last year's 150, the Post Office, IBM and Ford.

Decisions by other employers to follow suit would result in increased problems for prospective graduates whose ability to find suitable jobs this year has already been affected by a 5 per cent increase in applicants seeking work.



M and S service: new recruits will suffer delay

M and S, whose initiative is disclosed in Personnel Today magazine, said yesterday that the postponement had been prompted by "difficult trading conditions".

Staff retention rates were far higher than when graduate intake targets were set. Unless action had been taken, graduates would not have been able to move on quickly to more senior jobs.

The *company said* that the 100 or so final year students whose employment had been postponed, had been offered *£500 ex-gratia payments in recognition* of the inconvenience caused to them.

There was no doubt that they *would be able to start* work in September 1992.

M and S said its requirements for graduates in 1989 and 1990 had been exceptional, due to information technology expension and overseas development needs.

The 150 it had originally planned to start this year was closer to the norm.

Pay deals falling after four years, reports survey

By Michael Smith

FURTHER EVIDENCE of a fall in the average value of pay deals is provided today in an independent survey showing the first fall for four years in the median level of settlements.

Industrial Relations Services, a pay research organisation, says the median (middle) level of agreements in the three months to the end of January was 9.5 per cent, against 9.8 per cent in the preceding quarter.

IRS's survey also found a decrease in the number of bargaining groups agreeing to deals higher than accepted *last year. A quarter of groups are* accepting deals lower in value than a year ago, it says.

The IRS survey, based on research into 1,000 pay deals annually, gives further support to claims by the Confederation of British Industry that pay rises are beginning to fall in value.

However, the fall found by IRS is *considerably less marked than that* recorded by the CBI, which last week said that the average level was down from 9 per cent at the end of last year to 8.3 per cent in the first months of 1991.

In addition, Incomes Data Services – another pay research body – says in its latest bulletin that there is no evidence of a generalised downturn in settlement levels although it notes a growing diversity in settlements.

Editorial comment, Page 12

Citicorp reaches £1m settlement over swaps

By Stephen Fidler, Euromarkets Correspondent

A WELSH COUNCIL has paid a US bank more than £1m in an out-of-court settlement to unwind financial transactions ruled illegal this year by the House of Lords.

The move could pave the way for deals involving other local authorities that engaged in similar transactions, some of which have had dozens of writs issued against them by banks.

The settlement, between Ogwr Borough Council and Citicorp Investment Bank, came ahead of an expected court hearing this week and is the first to follow the Lords ruling. *This stated that local* authorities were going beyond their powers when they entered into swap transactions, and *the swap contracts* were therefore not based in law.

Swaps are exchanges of interest rate obligations, usually of floating-rate for fixed-rate liabilities.

The issue of local authority participation in the swaps market came before the courts after some councils, most spectacularly the London Borough of Hammersmith and Fulham, made losses running into hundreds of millions of pounds on their swap transactions.

The settlement between Ogwr, one of the councils most heavily involved in the swaps market, and Citicorp unwound all swap *agreements between* them. *Most were made* in 1987.

The deal included full repayment of net principal payments on both open and *matured* contracts, and a partial payment of interest.

Other bank claims against Ogwr, which covers part of Mid Glamorgan, are likely to raise the council's total bill.

A complex web of legal claims are still outstanding. Some local authorities have outstanding claims against banks and as well as against other councils, some of which acted as brokers in swaps transactions.

Prospects that the courts will be flooded with litigation following the Lords' ruling have raised expectations *among banks* and councils that the government will intervene, possibly to validate the transactions retrospectively.

In a statement, Citicorp said its settlement with Ogwr was based "on the pragmatic and commercial reality of the law" following the Lords' judgement. However, this process "is arbitrary in its effects and does not represent a satisfactory solution either for local authorities or banks."

It said it would continue to pursue vigorously *settlement* with *other* councils and has issued writs on a further eight local authorities.

LEGAL NOTICES

DAVID KISLINGBURY (BRICKWORK) LIMITED (IN RECEIVERSHIP)

NOTICE IS HEREBY GIVEN, pursuant to section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named company will be held at Cork Gully, Apex Plaza, Forbury Road, Reading, Berkshire at 10.00 am on Wednesday, 13 March 1991 for the purpose of having laid before it a copy of the report prepared by the Administrative Receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

A proxy form is sent herewith. creditors whose claims are wholly secured are not entitled to attend or be represented at the meeting. Other creditors are only entitled to vote if:

(a) they have delivered to me at the address shown below, no later than 1200 hours on Tuesday, 12 March 1991, written details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the *Insolvency Rules 1986; and*

(b) there has been lodged with me any proxy which the creditors intends to be used on his behalf

Please note that the orginal proxy signed by or on behalf of the creditor must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.

Date: 26 March 1991

N J Vooght
Joint Administrative Receiver

Address to which proxies should be delivered:
N J Vooght
Cork Gully
9 Greyfriars Road
Reading, Berks RG1 1JG

PARTNERS IN PUBLISHING LIMITED - FORMERLY HUGHES BRENNAN (UK) LIMITED

Registered number: 2066563
Former company name(s):- Hughes Brennan Publishing (UK) Limited
Nature of business: Publishing Company
Trade classification: 10
Date of appointment of joint administrative receivers: 22 February 1991
Name of person appointing the joint administrative receivers: National Westminster Bank PLC
JOHN FREDERICK POWELL and DAVID JOHN CORNEY
Joint Administrative Receivers
(Office holder nos 249 and 1889) of Cork Gully
43 Temple Row
Birmingham B2 5JT

HUGHES BRENNAN PUBLISHING COMPANY LIMITED

Hughes Brennan Publishing (UK) Limited
Nature of business: Publishing Company
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JOHN FREDERICK POWELL and DAVID JOHN CORNEY
Joint Administrative Recelers
(Office holder nos 249 and 1889) of Cork Gully, 43 Temple Row, Birmingham B2 5JT

Corporate renewal

The trick is to make even the bad times good

Christopher Lorenz questions why ICI has waited for a crisis before taking steps to revitalise itself

In the middle and late 1980s, ICI, Britain's largest manufacturer, was seen as a model of corporate revitalisation. The once-leaden leviathan was hailed for becoming slimmer, more entrepreneurial, even spritely. The chairman of the time, Sir John Harvey-Jones, became almost a folk hero on the strength of it.

Yet last week the chemicals group revealed a profits slump of over a third, a spate of business problems, and a set of internal shortcomings which at first sight seemed uncomfortably reminiscent of the ones with which Sir John had to grapple almost a decade ago. "Heavy-footed giant trips again", one ultra-respectable newspaper expostulated on Friday.

Has the wheel somehow already come full circle? Was ICI's renewal an illusion created by the 1980s boom? Or is this just an all-too typical example of a large company revitalising itself rapidly when faced with a crisis, only to let things drift when the going gets easier? Is it yet another case of a major organisation failing to meet the acid test of being able to "learn" and improve continuously, in good times as well as bad?

To *Sir Denys Henderson*, who has been at the ICI helm through ever choppier waters since taking over from Harvey-Jones in 1987, none of these suggestions is accurate.

But to the outside observer, listening to the chairman's defensive account of what has gone (slightly) wrong this time, the last two look pretty accurate.

They keep ICI in respectable company – precious few large organisations outside *Japan can yet* measure up to the ideal of continuous learning and improvement – but they nevertheless pose a threat to its future well-being.

ICI is certainly not in the sort of crisis it faced exactly a decade ago when its profits virtually halved, it had to cut its dividend, and it called all hands on deck, only to dump thousands of them overboard. This time, although Sir Denys makes clear that there will be casualties in the form of job losses, he says ICI's *strategies* only need tightening, not radically changing.

As for costs, he talks of a "rubber ball syndrome"; they get squeezed in times of difficulty, but expand again as things get better. When challenged from above, managers tend to say "yes, but we're growing", says Henderson. "You then reply 'okay, but if growth stops, you'll have to cut them!'" Precisely that is now happening with a vengeance.

This is not a sudden crisis of "oh my goodness, we must sort ourselves out," stresses Sir Denys, a no-nonsense Scotsman whose language is more colourful in private. It is more of an "it's okay, but things need sharpening," he insists.

What this means in practice is that strategies which were followed by businesses during the boom years will now be scrutinised by head *office* much more rigorously than before, and investment *capital* will be *provided* only to those which have the potential to be strong and competitive on a global basis. Other businesses will be managed to extract their cash, or sold.

As far as strategy is concerned, in other words, Henderson is giving a touch on the ICI tiller. But on the organisational front he is providing a very sharp course correction.

At a time when most large companies around the world, from IBM to BP, are making considerable efforts to decentralise *control* over the *strategies* and (to some extent) the finances, ICI has felt forced to take a step in the opposite direction.

Though Sir Denys stresses that "we operate a very decentralised management system," he *adds* in the same breath that his top executive team's "contacts and contracts with the chief executives of the businesses haven't been adequate".

For one thing, the business chief executives "haven't been aware enough of what the group was doing", in terms of such activities as research and development, and expansion in regions around the world. Nor have they had sufficient influence over such sensitive issues as corporate overheads in large territories such as North America.

More seriously still, Sir Denys says he and his eight-strong executive team (which has now been enlarged to nine) "haven't been in touch enough with them [the business heads] to know what was happening".

The executive team, which with eight non-executives constitutes the ICI board, was especially thrown last summer by the sudden slump in the performance of many of the group's businesses. This came hard on the heels of an episode the previous November, when business heads were allowed to continue working to profit and investment budgets which Sir Denys's instincts, and the opinions of several *top colleagues*, *suggested* were *no* longer realistic.

"We did cut back, but I wish we'd tightened further. The problems were much bigger than we thought," Henderson admits ruefully. To an organisation as proud of its financial control as ICI, the fact that every other company in Britain made the same mistake – or worse – is no excuse whatever.

In trying to explain the lapse, Sir Denys says the dilemma of how far he should have trusted the judgment of his business heads in late 1989 is underlined by the fact that from 1984 right through to 1988 they had all delivered on budget. But, as he admits, "people who are good at managing in expansionary phases aren't necessarily good in recession".

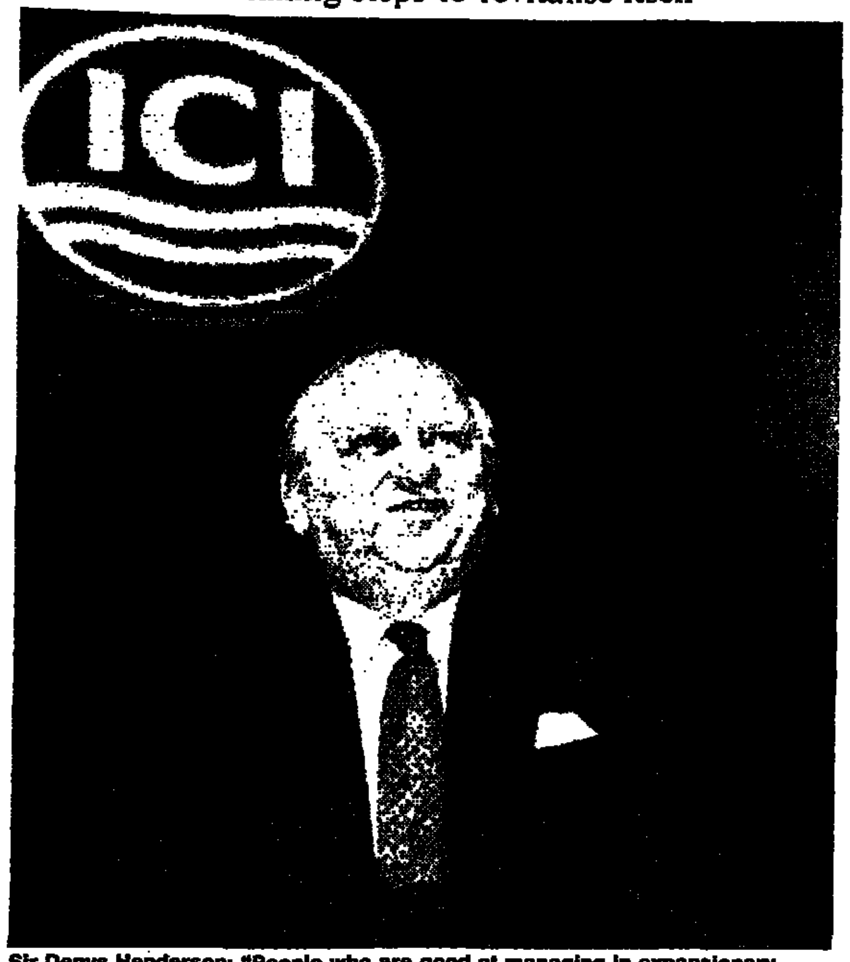
Rather than necessarily changing such managers, the thing to do is to "reorientate" them, he says. Hence the new emphasis, as a confidential company document puts it, on holding the business chief executives much more accountable for "delivering the contract for strategic objectives and profit and cash budgets".

Hence also the creation of an extra management control grouping – again in contrast to the rampant dismembering of committees at the likes of IBM and BP – in the form of a "performance and policy committee".

Meeting every three months just before ICI's quarterly results are declared, this body of about 20 people will comprise the executive team, the business heads and a few other top managers. It will have a two-way function: monitoring individual business and territorial performance, and allowing business heads to contribute to the executive team's thinking and policy formation.

At the same time, ICI's practice in recent years of reducing the number of its businesses by combining several of them is being continued; from 14 a few years ago, last week's move cut their number (and that of their chief executives) from nine to seven. In the current corporate atmosphere, that should provide tighter accountability.

ICI is clearly bent, of immediate *necessity, on being a more demanding* "parent" to its constituent businesses. But whether that will help them become more fleet-footed, and more capable of change without yet another crisis, is at best an even bet.



Sir Denys Henderson: "People who are good at managing in expansionary phases aren't necessarily good in recession"

A strategy for Europe

Why it's horses for courses at Cadbury Schweppes

By Clay Harris

Cadbury Schweppes does not have a strategy for Europe. It has two: one for confectionery and one for soft drinks.

As European companies prepare for the post-1992 unified market, the UK group amply illustrates the principle of horses for courses. Its contrasting approaches are determined by several factors: the nature of the products, the shape of the competition and the structure of each national market.

In soft drinks, at least, the *company's strategy is* beginning to pay dividends. "Schweppes has been remarkably successful at building a European operation," says David Lang, food analyst with London stockbroker Henderson Crosthwaite.

The strategy is based primarily on creating *sufficient* volume *to* justify investment in high-speed packaging plants. "Bottling is all about generating more volume for your brands," says James Schadt, president of Cadbury Beverages.

To do this requires achieving sufficient scale in distribution, the rationale *behind* Cadbury's recent joint venture with Apollinaris Brunnen, the German mineral water company.

The company is also keeping its head down in the cola wars. Only in parts of Spain is there a Schweppes brand cola.

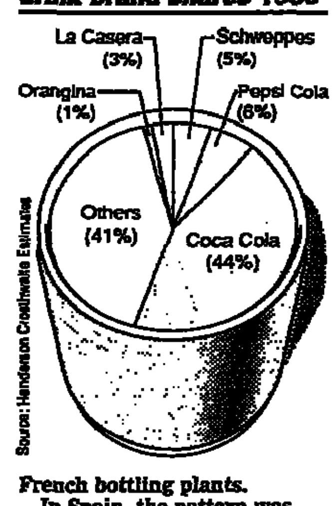
Coke dominates the European carbonated drinks market, with a share approaching 45 per cent and growing each year. Pepsi, by contrast, is only now recovering from a shake-up in its franchise arrangements in a number of countries in the 1980s.

Although it competes with both to slake European thirsts, Schweppes emphasises a broader market for "refreshment beverages", including mineral water and fruit drinks.

In France alone, it has quadrupled its market share to 16 per cent in seven years through a steady accretion. Schweppes started with 4 per cent and no bottling plants. It bought its bottler, and added another 1 per cent share when it bought Canada Dry and terminated a bottling agreement with BSN.

The acquisition of Crush in the US added Gini, a carbonated lemon drink with another 3 to 4 per cent of the French market. Finally, Cadbury acquired Perrier's soft-drink activities centred on Oasis, which has 8 per cent. After rationalisation, the company will have four French bottling plants.

Western European soft drink brand shares 1990



In Spain, the pattern was different. Progressively disentangling itself from Pepsi, Schweppes bought Citresa, a soft drinks and fruit juices manufacturer. It is now building a £20m canning plant at Logroño which will have sufficient capacity to supply all of Iberia and some of southern France.

It is combining two global brands, Schweppes and Canada Dry, with national names which will rarely cross borders, although Gini is being introduced this month in the UK. But some distinctions are more apparent than real. TriNaranjus in Spain and Oasis in France are identical orange drinks.

In confectionery, by contrast, national differences are more entrenched, as Suchard discovered when it brought its Swiss-style Milka to the UK. Cadbury's own chocolate, which has a lower cocoa butter content than that of continental rivals, is also very much a minority taste outside the UK.

International brands like Mars Bar and Rowntree's KitKat are exceptions. Cadbury has yet to find its standard-bearer.

"It's very hard to change well-established tastes and preferences and unhorse national brands," comments Lang.

As a result, Cadbury's strategy in confectionery is *still far more piecemeal*. Since 1987, it has bought Poulain, a French specialist in moulded plain chocolate and powdered chocolate drinks, and Hueso, a Spanish maker of biscuit-based countlines and sugar confectionery.

The acquisition of Bassett Foods in 1989 added Faam Frisia, a Dutch sugar confectioner, and a distribution joint venture in Germany. But these companies are a boxed assortment rather than a continental network brimming with obvious synergy.

Cadbury, nevertheless, has begun to look across frontiers, according to Chris Milburn, corporate communications director. "Poulain is becoming the moulded chocolate production centre for Europe. It's now supplying chocolate into Spain."

The Imagine brand of liqueur chocolates made in Poulain's Blois factory was launched in Britain last Christmas, and Cadbury's Silk, a moulded chocolate filled with strawberry mousse, was researched for the UK market but made in France.

Faam Frisia supplies sugar confectionery throughout northern Europe, while Hueso has responsibility for southern Europe. Resperol, the Spanish company's medicated sweet, has been launched as Stop-Tou in France.

Cadbury may launch a pan-European confectionery brand someday but it is in no hurry, according to Milburn. "We're not going to put large sums of money into an uphill battle to force that through on an unnatural time-scale."

LEGAL COLUMN

What law firms think the well trained solicitor should know

By Robert Rice, Legal Correspondent

WHAT DO law firms want their trainee solicitors to know by the start of their training contract, or articles, as the period of apprenticeship used to be known?

You might think that the College of Law and the polytechnics that teach the Law Society's final examination course ought to know the answer already. In fairness, they probably do, but the question has become all the more important recently in the light of the proposed changes to the Part II examination system.

The Law Society's Final Examination is due to be held for the last time in the summer of 1993. A new Legal Practice Course will begin the following *September*. The *precise* details have yet to be decided but a number of general changes in emphasis are clear.

The course will be skills-based. Today's solicitors need to be equipped with the basic skills of research, drafting, interviewing, negotiation and advocacy to do the job.

The society will no longer set and administer the final examination. The course will have a variety of examination and assessment methods and success will no longer depend on a centrally set exam at the end.

The course will include options requiring a review of the list of compulsory subjects introduced in 1979. Greater flexibility will be needed, with compulsory subjects *kept to* a minimum and students able to opt for subjects related to general practice or commercial practice, depending on their chosen career path.

Law firm priorities for areas of practice covered by the solicitors' vocational training course

Subject area	First %	Second %
Civil litigation	96.88	3.12
Business and commercial	89.12	10.30
Commercial conveyancing	83.63	16.37
Revenue law	49.09	47.59
European law	48.74	34.13
Residential conveyancing	28.14	48.33
Wills and probate	27.03	63.92
Family law	24.67	23.30
Accounts	20.41	58.63
Employment law	18.17	81.83
Criminal litigation	9.27	17.44
Consumer law	4.45	80.82
Welfare law	0.44	7.56

Law firms were asked to indicate priority areas for a training course based on their own needs. They were asked to indicate five areas of first priority only and five areas of second priority

It is important therefore for the College of Law and the polytechnics to know what law firms are looking for before they settle the nature of the courses they offer.

The College of Law, which has four branches – at Guildford, Chester, Lancaster Gate and York – decided to find out last summer, and the results of a survey of 1,000 law firms in England and Wales by Mr *Robert Hill*, the college's director of research, has just been published.

All types of firm were covered, including all the firms in The Lawyer magazine's top 100 by size. The overall response rate to the survey was 60 per cent. But of the top 50 firms in The Lawyer top 100, 45 replied – a response rate of 90 per cent. In the top 100 as a whole, the response rate was 74 per cent.

Just 13.4 per cent of respondents employed more than 10 trainee solicitors, whereas 16.5 per cent had only one trainee. The majority, 74.6 per cent, had five or fewer trainees. The total number of trainees employed by the firms responding was 3,278.

The initial reaction to the results of the survey is that the British are becoming an increasingly litigious nation.

It is important for the College of Law and the polytechnics to know what law firms look for

The vast majority of firms, some 96 per cent, regard civil litigation – encompassing the law of evidence and county and High Court procedures – as a first priority.

Mr Hill said: "It is remarkable that, prior to 1979, solicitors received no formal training whatsoever in a subject which is now their most important area of practice."

However, it should perhaps be pointed out that the result may have been influenced by the timing of the survey. By summer last year, the legal profession was experiencing one of the biggest surges in litigation for 10 years as the early effects of the economic downturn began to show. Demand for litigation solicitors was at an *all-time* high.

The Centre for Interfirm Comparison, which conducts a performance assessment project among more than 200 law firms, reports record growth in litigation right across England and Wales for the 1989-90 financial year.

In Wales and the west of England, for example, litigation grew on average by 30 per cent last year. In London, the small-to-medium-sized firms achieved an average growth of 30 per cent and the medium-to-large firms experienced an average 43 per cent growth in litigation.

It seems possible therefore that, had the survey been carried out at another time, the law firms' priorities might have been different.

A close second came business law (89 per cent of the firms thought it a first priority subject) and commercial conveyancing (83 per cent), with residential conveyancing coming far behind with 28 per cent.

Mr Hill says the decline in the importance of residential conveyancing cannot be entirely attributed to the present recession and the depressed housing market.

The trend began about 10 years ago with the opening up of the conveyancing market, increased price competition among solicitors and the end of the ban on solicitor advertising.

That caused many firms to diversify, so that residential conveyancing no longer forms such a large part of solicitors' income as formerly.

There is a continuing demand for training in family law (a reflection perhaps of Britain's increasing divorce rate) even among the larger commercial law firms. Among that group there is also a strong requirement for training in revenue law and European law.

Overall, it seems that the first priorities for law firms are for their trainees to be trained in civil litigation, business law, commercial conveyancing and European law.

That compares with the Law Society's list of compulsory subjects for the new Legal Practice Course of civil litigation, business law, conveyancing, wills and probate and criminal litigation.

The research makes clear to the *college* and the polytechnics which optional subjects they will have to offer if they are to meet the requirements of the majority of law firms.

THE WEEK AHEAD

ECONOMICS

Market ripples from Gulf peace

FRIDAY'S unemployment data in the US are likely to be the focus of a week in which the financial markets will try to absorb the implications of peace in the Gulf.

The predicted upsurge in business and consumer confidence will not yet be showing through in official statistics, as output and employment are still at recession levels in the UK and the US. The US February unemployment rate is expected to be 6.3 per cent.

However, the costs of reconstructing the Gulf are bound to lift these economies above their currently depressed levels, *and begin to have significant effects on the international capital markets.*

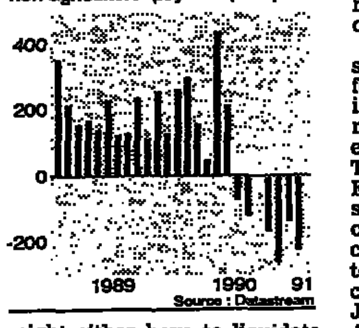
Kuwait alone requires an estimated $100bn for reconstruction, and a similar amount is likely to needed for Iraq.

Such estimates are highly preliminary and susceptible to sharp revisions as detailed damage assessments are undertaken.

With Kuwaiti assets still frozen in the UK and the US, it is not yet clear how it will pay for the reconstruction. Kuwait *might either have to liquidate* its asset holdings, or use oil reserves and predicted future oil receipts as collateral for borrowing from banks and governments.

US Employment

Civilian labour force changes, non agricultural payrolls ('000)



This could add to the upwards pressure on bond yields, causing ripples through the bond markets – particularly if the oil producers act to prevent an expected fall in the oil price as a result of the Gulf peace.

In Japan, the focus will be on the likelihood of the Bank of Japan cutting the discount rate within the next two months.

It could yet, however, delay any easing until the "shunto" round of pay negotiations is out of the way.

Other notable events and statistics, with median market forecasts from IDEA and MMS international, the financial research companies, in brackets, include:

Today: UK, official reserves for February (£0m). Japan, wholesale price index for 2nd 10 days of February (down 0.1 per cent). Canada, leading indicators for January (down 0.3 per cent). US, new home sales for January (down 2.8 per cent). Australia, *current* account for January (down Aus$ 1.5bn). Japan, trade balance.

Tomorrow: UK, company liquidity survey for fourth quarter. France, money supply for January (0.2 per cent). Canada, foreign reserves for February (C$0.2bn). US, factory goods and shipments orders for January (down 0.8 per cent). Japan, Bank of Japan issues quarterly report. Australia, fourth-quarter company profits.

Wednesday: UK, overseas travel and tourism for December, advance energy statistics for January, details of employment, unemployment, earnings, prices and other indicators. US, Federal chairman Mr Alan Greenspan testifies before *House Ways and Means Com*mittee on state of the economy, fourth-quarter non-farm productivity. Australia, current account (down A$1.4bn).

Thursday: UK, housing starts and completions for January, fourth-quarter house renovations, car registrations for February. US, initial claims, money supply, consumer credit.

Friday: UK, construction output, fourth quarter. Canada, unemployment rate (9.7 per cent) and unemployment growth (down 0.3 per cent). US, unemployment for February (6.3 per cent), non-farm payroll for February (down 107,000), hourly earnings (0.2 per cent)

During the week: Germany, manufacturing output for January (0.4 per cent), industrial production for January (0.5 per cent), vacancies for February (7,000), unemployment for Feb*ruary (down 25,000).*

Rachel Johnson

UK COMPANIES

A SOMBRE clearing bank results season concludes tomorrow with Midland Bank, *which is likely to report the* poorest figures of all. Analysts have widely differing views, ranging from a small profit to a loss of as much as £100m.

Disappointing results from the other clearers last week have inclined the market to expect red ink. If so, Midland's dividend could be under pressure. Although the majority of analysts still expect it to leave the pay-out unchanged, there is a minority view that prudence will force a cut.

For other sectors, the results season picks up steam this week with several large engineering groups revealing the impact of the growing recession. Rolls-Royce is expected to report on Thursday a 10 to 15 *per cent* rise in 1990 pre-tax profit compared with the previous year. Analysts are forecasting profits in the range of £255m to £265m, up from £233m in *1989. This year, however,* most analysts are expecting profits to dip because of the recessionary commercial airline environment and defence cuts.

TI, the specialist engineering group, reports its full-year results on Thursday, and analysts are expecting a relatively strong performance. Pre-tax profits are forecast at between £124m and £128m, compared with £111.5m in 1989.

GKN reports on Wednesday amid gloom in much of the western motor industry, which is still its main customer. Tentative signs of a recovery in the engineering sector will not be reflected in group pre-tax profits, expected to drop to around £180m from 1989's £215m.

Ladbroke's preliminary results for 1990, due out on Thursday, will be watched with more *than usual* interest because of the company's exposure to leisure and retail markets suffering from the Gulf war and recession.

The slow-down in international travel will have hit Ladbroke's Hilton International chain (outside the US), although occupancy figures may not be as bad as at first feared. The Texas Homecare DIY chain has been discounting heavily to reduce stocks and Ladbroke's betting shops' margins have come under pressure. Most analysts expect only marginal growth in pre-tax profits to *about £310m.*

On Wednesday, Cadbury Schweppes is expected to report pre-tax profits of £280m for 1990, the first year it has used average exchange rates. The restated figure for 1989 was £244.3m.

In another hot summer, the company should have gained more on soft drink sales than it lost on depressed appetites for chocolate.

UK COMPANIES

■ **TODAY**
COMPANY MEETINGS:
Barr (AG), 1306, Gallowgate, Glasgow, 11.00.
Granada Group, Grosvenor House Hotel, 86, Park Lane, W., 11.30.
SEP Industrial Hldgs., Institute of Directors, 116, Pall Mall, SW., 10.00.
Treatt, *Angel Hotel, Angel* Hill, Bury St. Edmunds, Suffolk, 12.00.
United Scientific Hldgs., Abraham Lincoln Room, *Savoy Hotel, WC., 12.15*
BOARD MEETINGS
Finals:
ASW Hldgs.
Greggs
Life Sciences Intl.
Lilleshall
Microvitec
Persimmon
Ransomes
Reece
Serco
Sumit
Suter
Torday & Carlisle
Unidare

■ **TOMORROW**
COMPANY MEETINGS
Denmans Electrical, Narrow Quay House, Prince St., Bristol, 12.00.
Kelsey Industries, Kelsey House, Wood Lane End, Hemel Hempstead, Hertfordshire, 11.00.
BOARD MEETINGS
Finals:
Admiral
Aegis Hldgs.
City & Comm. Inv. Trust
Clinton Cards
Expamet Intl.
Fisons
Freeman Group
Metal Bulletin
Midland Bank
Pacer Systems
Templeton Galbraith
Vantage Securities
Wales City of London Props.
Watmoughs
Wyevale Garden Centres
Interims:
Fleming Merc. Inv. Trust
Hays
Interlink Express
Murray Income Trust
Raine Industries

■ **WEDNESDAY MARCH 6**
COMPANY MEETINGS
Carlton Communications, Armourers Hall, 81, Coleman St., EC., 10.30.
Holmes & Marchant, Brands House, Kingshill Rd., High Wycombe, Buckinghamshire, 12.00.
BOARD MEETINGS
Finals:
Automated Security
CRH
Cadbury Schweppes
Fairey
GKN
Heywood Williams
INSTEM
Pentland
Pickwick
Stat-Plus
Trade Indemnity
Interims:
Close Brothers
Galliford
Haggas (John)
Sinclair (Wm.) Hldgs.

■ **THURSDAY MARCH 7**
COMPANY MEETINGS
Aukett Associates, 13, Chelsea Embankment, SW., 12.00.
Colorvision, Perdio House, Woodend Ave., Speke, Liverpool, 11.00.
London Scottish Bank, St. James's Club, St. James's House, Charlotte St., Manchester, 12.00.
Murray Enterprise, 7, West Nile St., Glasgow, 11.30.
Whitegate Leisure, Savoy Hotel, The Strand, W., 11.00.
BOARD MEETINGS
Finals:
Baynes (Charles)
Gaskell
Ladbroke
MTL Instruments
MTM
More O'Ferrall
Murray Intl. Trust
Nichols (JN) Vimto
Pentos
Radius
Rolls-Royce
TI
Ultramar
Victaulic
WPP
Interims:
Bailey (Ben.) Constn.
Barry Wehmiller Intl.
Creston
Kleinwort Benson Intl. Inc. Bond Fund
Mucklow (A & J)
Pict Petroleum
Principal Hotels
Renishaw

■ **FRIDAY MARCH 8**
COMPANY MEETINGS
French (Thomas), Sharston Rd., Wythenshawe, Manchester, 11.45.
BOARD MEETINGS
Finals:
Aitch Hldgs.
Braime (TF & JH)
Doeflex
Perry

Company meetings are annual general meetings unless otherwise stated.

DIVIDEND & INTEREST PAYMENTS

■ **TODAY**
Anglian Water 5.8p
Chelsea Man 2.1p
City Site Estates 0.96p
Dixons 1.6p
Enserch 20cts
Exmoor Dual Inv. Trust Inc. *2.45p*
Goldsmiths 1.5p
Hardys & Hansons 22.3p
Letinvest 10¼% to 11/2% Step. Int. 1st Mtg. Deb. 2012 5.375pc
Lockheed 45cts
North West Water 6p
Northumbrian Water 6.2p
Richards 2.83p
Rockwell Intl. 21.5cts
Severn Trent 5.85p
South West Water 6.7p
Southern Water 5.9p
TSB Bank Channel Islands 3.64p
Thames Water 6p
Water Holding Companies Package Units £60.151
Welsh Water 6.5p
Wessex Water 6.1p
Yorkshire Water 5.9p

■ **TOMORROW**
Assoc. British Foods 3.7p
Bank of Ireland Und. Var. Rate Notes $2328.13
Gillette 27cts
Halifax Building Society 8¾% Fixed Rate / FRN 1992 £170.14

■ **WEDNESDAY MARCH 6**
BFG Finance Fltg. Rate Notes 1996 $209.38
Bank of Greece 10¾% Ln. Stk. 2010 5.375pc
Barclays O'seas Inv. Gtd. Fltg. Rate Notes 2004 $205.82
Croda Cosmetics & Toiletries 7½% Uns. Ln. Stk 87/92 3.75pc
Dares Estates 8% Uns. Ln. Stk. 92/97 4pc
Gold Fields of S. A. 70cts
IMI 7¼% Uns. Ln. Stk. 86/91 3.625pc
Joseph (Leopold) 9¼% Uns. Ln. Stk. 97/2002 4.625pc
Kelsey Industries 20p
McCarthy & Stone 0.5p
National Westminster Bank Var. Rate Cap. Notes 2009 £346.75
Nationwide Anglia Building Society Fltg. Rate Notes 1995 £341.51
Sainsbury (J) (Channel Islands) 2½% Exch. Red. Prf. 1.25pc
TMD Advertising 4.5p
Waddington (John) 10½% Deb. Stk. 90/95 5.25pc
Whitbread 9¾% Red. Deb. Stk. 91/96 4.875pc
Yorkshire Chems. 10% Deb. Stk. 91/96 5pc

■ **THURSDAY MARCH 7**
BP Capital 11⅛% Gtd. Bonds 1992 100½%
Barclays Bank 7½% Uns. Cap. Ln. Stk. 86/91 3.75pc
Denmans Electrical 4p
Investors Capital Trust 1.25p
River & Merc. Extra Inc. Trust 1.875p
Sainsbury (J) 7¼% 1st Mtg. Deb. Stk. 87/92 3.625pc
Triton Europe 7p

■ **FRIDAY MARCH 8**
Allied-Signal 45cts
Anheuser-Busch 25cts
Aukett Associates 2.75p
Boeing 25cts
Brasway 0.24p
Dun & Bradstreet 53cts
Harrison Industries 2p
Hydro-Quebec 12⅝% Debs. Sers. H1 8/3/2015 6.3125pc
London Scottish Bank 1.875p
Natl. Medical Enterprises 20cts
Nationwide Anglia Building Society 13⅝% Notes 1994 6.8125
Nobo 2.42p
Primadona 2p
Renold 7⅝% 2nd Deb. Stk. 92/97 3.8125pc
Rustenberg Platinum 125cts
Sun Co. 45cts
Texaco 80cts
Time Warner 25cts
Treasury 10% Stk. 2003 5pc
Do. A 3.0137pc
Warner-Lambert 44cts

■ **SATURDAY MARCH 9**
General Motors 40cts
Intl. Business Machines 1.21cts
Lilly (Eli) 50cts
Travelers 40cts
USX 35cts

■ **SUNDAY MARCH 10**
Grace (WR) 35cts
Scott Paper 20cts
Treasury 5½% Stk. 2008/12 2.75pc
United Technologies 45cts

PARLIAMENTARY DIARY

■ **TODAY**
Commons: Motion on Renewal *of Prevention of Terrorism* (Temporary Provisions) Act. Census Confidentiality Bill and Overseas Superannuation Bill, remaining stages. Debate on EC *documents relating to aid for the* Soviet Union and Eastern Europe.
Lords: Debate on EC report on the railways. Education (Amendments) Bill, second *reading.*
Select Committee: Public accounts – subject, foreign and Commonwealth accounts. Witnesses: FCO officials (Room 15, 4.30pm).

■ **TOMORROW**
Commons: New Roads and Streetworks Bill, second reading. Motion on sea fishing regulations.
Lords: Community Charges (Substitute Setting) Bill, Committee. Motion on Prevention of Terrorism (Temporary Provisions) Act. Representation of the People Bill, second reading. Question on social infrastructure in Wales.
Select committee: social security – subject, changes in maintenance. *Witnesses:* Tony Newton, Social Services Secretary; and colleagues (Room 15, 10.30am).
Committees on private opposed Bills: Heathrow Express Railway Bill (Room 5, 10.30am); London Underground Bill (Room 6, 10.30am).

■ **WEDNESDAY**
Commons: Northern Ireland Emergency Provisions Bill, remaining stages.
Lords: Debates on transport problems in the south-east and on international refugees. Question on peace and security plans for Middle East.
Select Committees: Environment – subject, landfill waste. Witnesses: Department of Environment officials; Institute of Waste Management (Room 21, 10.30am).
Treasury and Civil Service – subject, international and domestic banking. Witnesses: Lord Alexander, National Westminster Bank chairman and colleagues (Room 17, 10.45am).
Agriculture – subject, animals in transit. Witnesses: John Gummer, Minister for Agriculture (Room 15, 10.45am).
Defence – subject, Trident programme. Witnesses: MoD officials (Room 16, 10.50am).
Energy – subject, clean coal technology. Witnesses: ABB Power, Babcock Energy, Lurgi (Room 8, 11.00am).
Trade and Industry – subject, takeovers and mergers. Witness: Takeover Panel (Room 20, 11.00am).
Defence – subject, the Gulf crisis. Witness: Tom King, Defence Secretary (Grand Committee Room 2.50pm).
Education – subject, reading standards in primary schools. Witness: Kenneth Clarke, Education Secretary (Room 15, 4.15pm).
Employment – subject, training and enterprise councils. Witnesses: David Dickinson, chairman, East London Tec and colleagues (Room 20, 4.15pm).
Environment – subject, beach pollution. Witness: Lancashire County Council (Room 18, 4.15pm).
Health – subject, spending on personal social services. Witnesses: Mersey, North-East Thames South-West Thames and Trent RHAs, NHS Management Executive (Room 21, 4.15pm).
Public accounts – subject, *Ulster* business. Witnesses: Department of Economic Development and Department of Health and Social Security (Room 16, 4.15pm).
Transport – subject, European air transport policy. Witnesses: British Midland, Air Europe, British Air Transport Association (Room 17, 4.15pm).
Treasury and Civil Service – subject, Chancellor's Department annual report. Witnesses: Treasury officials (Room 8, 4.30pm).
Committees on private opposed Bills: Heathrow Express Railway Bill (Room 5, 10.30am); London Underground Bill (Room 6, 10.30am).

■ **THURSDAY**
Commons: Debate on public enquiry into Piper Alpha disaster.
Lords: Disability Living Allowance and Disability Working Allowance Bill, committee. Motions on Scottish power orders.
Committees on private opposed Bills: Heathrow Express Railway Bill (Room 5, 10.30am); London Underground Bill (Room 6, 10.30am).

■ **FRIDAY**
Lords: Private members motions.

TRADE FAIRS, EXHIBITIONS & CONFERENCES

CONFERENCES

MARCH 12 & 13
THE FOOD & DRINK INDUSTRY IN EUROPE
Hotel InterContinental, London
Enquiries: Financial Times Conference Organisation
Tel: 071 925 2323
Fax: 071-925 2125
LONDON

MARCH 13
Where are we now on nuclear power? The Conference Forum, London E1. The conference will examine: energy supply & world needs; public perception; financial viability; future of nuclear in UK. Contact: Jill Leigh, Institute of Energy. Tel: 071-580 0008 Fax: 071-580 4420
LONDON

MARCH 13
Researching Mergers & Acquisitions London Business School, London NW1 Speakers from: S G Warburg; LBS; Robson Rhodes; Acquisitions Monthly; Ernst & Young; Broadview Associates. Contact: Yasmin Ganes/Jonathan Eaton. LBS *Info Service.* Tel: 071-724 2300; Fax: 071 706 1897
LONDON

MARCH 18
REBUILDING KUWAIT. A Briefing for British Businessmen. Arranged in assoc. with the DTI and The British Task Force For The Reconstruction of Kuwait. Speakers from both, plus the Kuwaiti Ambassador and the General Manager of the National Bank of Kuwait. *Contact: Westminster Management* Consultants 0483 740730.
LONDON

MARCH 18
CHANGING JOBS IN A RECESSION. Institute of Directors, London. A hardhitting conference designed to speed up the job changing process for the £35K - £70 K executive. Expert speakers on: headhunting, interview skills, networking, CV, understanding the recruiter and the *employer. Contact: Chris Kohut, Century* Communications.
071-244 8884. **LONDON**

MARCH 18 & 19
WORLD PHARMACEUTICALS
Hotel Intercontinental, London
Enquiries: Financial Times Conference Organisation. Tel: 071 925 2323 Fax: 071 925 2125
LONDON

MARCH 19
FINANCE FOR TRANSPORT DEVELOPMENT
Principal speaker Rt. Hon. Malcolm Rifkind MP, Sec of State for Transport London Press Centre. Road, Rail, Airport links, Finance, Design, Development Gain, Cross Subsidy, Construction, Competition. Contact: Frances Quinn 071 537 3773 *Fax: 071 537 3293*
LONDON

MARCH 21
JAPANESE INVESTMENT IN EUROPE
Convened by The Royal Institute of International Affairs & Sumitomo - Life Research Institute. *Chatham House, London.* Enquiries RIIA Conferences: Tel: 071-930 2233 Fax: 071 839 3593
LONDON

MARCH 19-21
THE LONDON *INTERNATIONAL DIRECT* MARKETING FAIR.
Europe's leading direct marketing show. Wembley Conference and Exhibition Centre, London. For further info on the seminars and exhibition, please call Caroline Blundell, IBIS Information Services on 0727 25209
LONDON

MARCH 20
THE HENLEY CENTRE'S 'Review of Economic and Social Futures - Implications for Planning and Marketing" Conference. The Cavendish Conference Centre, London W1. £295+VAT. Contact Jacqui Gotts, The Henley Centre. Tel: 071 353 9961 Fax: 071 353 2899
LONDON

MARCH 25
Middle East: Managing Risk in the 1990s. Middle East Economic Digest (MEED) and Control Risks Group present a one day conference to discuss the future for international business in the region, long-term and contingency planning and financial risk management and assessment. Royal Garden Hotel. Contact Sarah Funnell. Tel: 071 404 5513. Fax: 071-430 0337.
LONDON

APRIL 8-9
INTRODUCTION TO M&A IN EUROPE(Training Course)
Max 30 attendees. £650+VAT. For further details contact: Acquisitions Monthly. Tel: 071 823 8740
LONDON

APRIL 9
FINANCE FOR PROPERTY TRANSACTIONS - THE MARKET TODAY
What can be funded; What can be borrowed: With whom, from whom. Cavendish Conference Centre, London W1. Contact: Nova Herbert Tel: 071 935 2382 Fax: 071 486 7083
LONDON

APRIL 9 - MAY 1
Disaster Recovery Planning
April 9: TUA Annual Conf. (disasters: telecoms). May 1: Interfac '91 (disasters: buildings, computers, communications, risk assessment, security, cost justification, legal & insurance issues). Contact: Quadrilect. Tel: 071-242 4141: Fax: 071 404 0258
LONDON

APRIL 10
CORPORATE UNBUNDLING
This major conference will examine both the tax and legal issues associated with unbundling a Corporate group. The CFS *Conference Centre, London W1* Contact: The Registrations Department 0536 204224
LONDON

APRIL 12
IMPORTANT CHANGES TO THE STOCK EXCHANGE LISTING RULES AND THE REQUIREMENTS FOR THE USM The CFS Conference Centre, London W1. Contact: The Registrations Department 0536 204224
LONDON

APRIL 15-16
VALUING EUROPEAN TARGET COMPANIES. (Training Course).
Maximum 30 attendees. £650+VAT. For further details contact: Acquisitions Monthly. Tel: 071 823 8740
LONDON

APRIL 22 & 23
EUROPEAN SECURITIES MARKETS IN THE 90s
Hotel Intercontinental, London
Enquiries: Financial Times Conference Organisation Tel: 071 925 2323
Fax: 071 925 2125
LONDON

APRIL 30
Managing in Recession
This programme will discuss the current economic scenario; and the implications of a recession for: *marketing strategy;* cross border alliances; developing global markets; maintaining quality initiatives; and the personnel issues involved. Contact The Economist Conference Unit. Tel: 071 976 6565
LONDON

MAY 1
Summit Conference. QEII Centre.
A *unique gathering of the UK IT* industry's top executives revealing future plans and strategies. Ian McNaught-Davis Chm: Keynote speaker Sir John Harvey-Jones & IBM, ICL, Hewlett Packard, Oracle, DEC and Hoskyns. Contact Ian Ross 081 427 2009 Fax: 081 861 0620
LONDON

MAY 9-10
Know your competitors - *Competitor Intelligence &* Analysis
Cafe Royal, London. Contact: Patricia Donnard, EMP Consultants. *Tel:* 071-487 5665
LONDON

MAY 16
TELECOMMS POLICY
Hear and question where the telecomms industry is going after the Duopoly Review. Speakers: John Redwood, MP Dept. of Trade & Industry; Sir Bryan Carsberg, Director of Telecommunications, Oftel. Contact: CommEd, Tel: 071 274 8725
LONDON

MAY 16
European Monetary Union: From Single Market to Single Currency. This conference will examine the strategic implications of EMU and the introduction of a single currency for businesses and the financial services sector. Contact The Economist Conference Unit. Tel:071 976 6565·
LONDON

MAY 18
THE *FUTURE OF FUTURES* STUDIES IN THE UK. DAY WORKSHOP. Cost: £35. Contact Ann King, South Bank Polytechnic Management Centre, Manor House, 58 Clapham Common Northside, London SW4 9RZ Tel: 071 228 2015 Fax: 071 924 3725
LONDON

MAY 21
Alternative means of Financing Growth and Expansion in the 90's. Speakers from: Clifton Financial Associates, The LEK Partnership, KPMG, Phildrew Ventures, MMG Patricof & Co. Case Studies: Willhire Group Ltd, BDPP Holdings (UK) Ltd, Kosset Carpets Ltd. Contact: Joyce Fernandez, BRI 071-637 4383 **LONDON**

OVERSEAS

MARCH 12
Logistics in an Integrated Europe
Logistics will account for an estimated 30% of the value added for Euro companies by the end of the decade. 10 speakers from leading shippers & carriers discuss reorganisation of the logistics function. Contact: Conference Board Registrar Tel: (32) 2/217 4645 Fax (32) 2/219 7302
AMSTERDAM

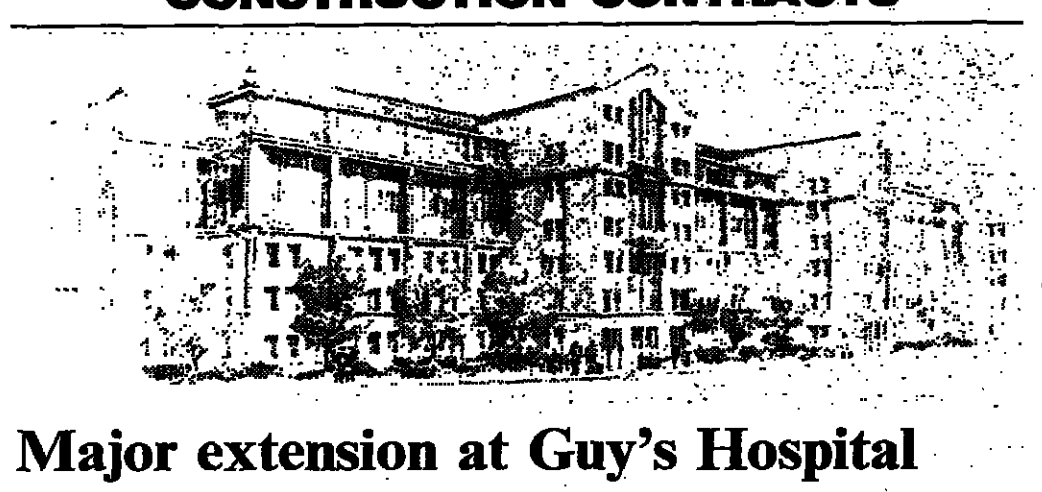
MARCH 13-14
SUSTAINING TOTAL QUALITY
Total quality has come of age. 2nd *annual conference looks at sustaining* the process over the long term. Speakers include Dr Armand V. Feigenbaum, author of "Total Quality Control". A Conference Board Europe meeting. Contact: Conf Board Registrar. Tel: (32) 2/217 4645 Fax: (32) 2/219 7302
AMSTERDAM

APRIL 7 - 19
COMPETING GLOBALLY - A VIEW FROM JAPAN
An intensive 2 week review, in Japan, of Japanese business strategy and the state-of-the-art in global competition. For senior managers. *Number of places limited. Organised* by London Business School. Contact Sue Park 071 262 5050. Fax: 071 724 7875
JAPAN

MAY 15-17
ELEDIS '91 Electronic Data Interchange Systems in Focus. Discussing the organisation's national and international strategy, and organisational implications, of the use of international standards and the electronic interchange of data, image and voice. Tel: +39 2 9522102 Fax: +39 2 95343321
MILAN

SEPT 29-OCT 1
PSI International Payment Systems Symposium. Payment systems in transition. Managing risk & rewards through marketing and technology. Contact: PSI 3030 N Rocky Point Dr Tampa, Fl.USA 33607. Tel: 813 287 2774 Fax: 813 286 7377 or 2810827.
COPENHAGEN

CONSTRUCTION CONTRACTS



Major extension at Guy's Hospital

HIGGS AND HILL MANAGEMENT CONTRACTING has been awarded a £67m contract to complete construction of Philip Harris House, the major Phase III extension of Guy's Hospital. Philip Harris *House will be of eight storeys* (six above ground), with a reinforced concrete frame clad in facing brick. It will contain four atria, and cover some 50,000 sq metres. The extension will provide over 2500 rooms, 26 clinical departments, 22 out patient departments, 17 sup*port departments and many* other facilities. Higgs and Hill has already undertaken construction of the basement and ground floor slab, and is working on the reinforced concrete frame, in the first and second phases. Throughout the progress of the work the activities *of the hospital will continue* uninterrupted.

LAING has been awarded a design and construct contract for a Tesco retail and leisure development *(shown in this architect's drawing)* at Kingston, Milton Keynes. The order for the Kingston Centre, believed to be over £20m, will provide an 80,000 sq ft superstore, with a gymnastic centre forming a key part of the scheme. There will be 2,600 sq metres of non-food retail space, shop units, a charity shop, management suite, table tennis centre, community buildings and a craft workshop. The 49-week construction programme is due for completion early next year.

Slope stabilisation

In St Peter Port, Guernsey, main contractor R.G. Falla has awarded a contract for specialist slope stabilisation works prior to construction of an office and residential development for Credit Suisse.

ARTS

Reimann's Lear

COLISEUM

English National Opera's season of twentieth-century works includes two recent adaptations of Shakespearean tragedy. Stephen Oliver's *Timon of Athens* receives its world premiere on May 17th, and Aribert Reimann's *Lear* (1978), first staged at the Coliseum two years ago, was revived last Friday. This production by Eike Gramss remains as impressive as I remember it; the opera itself strikes me as even better than it seemed at the time.

Undaunted by the failure of Verdi's and Britten's attempts to set *King Lear* Reimann and his librettist Claus H Henneberg have made the play into an effective music drama, although at a high cost to Shakespeare's verse. Edgar's "Men must endure/Their going hence, even as their coming hither" is flattened in Desmond Clayton's translation of Henneberg's libretto (already modelled on German translations of the original) into "Man must bear both birth and death /with equal patience"; and the telescoping and simplification to which the drama has been subjected causes an initial flutter of alarm. Yet there is no need for Shakespeare's great poetry in an operatic *Lear*: the music of music must try to substitute for the music of verse, just as the expressive possibilites of ensemble singing, in which different points of view are presented simultaneously, are there to make up the loss of dramatic sophistication and development.

Henneberg's libretto sets up a large ensemble at the end of the first scene, and allows for the playing of the second, third and fourth scenes of the second of the opera's two parts to be enacted simultaneously. Reimann's music secures the success of these stratagems, and everywhere penetrates the drama with its own peculiar violence and bleakness. Using a restricted range of modernist gestures – Varèse-like snarls and volleys of brass, relentlessly pounding drums, densely clustered string writing - but doing so with absolute musical consistency, Reimann's score has a lethal force. It must be one of the most sheerly dissonant ever written, yet the vocal lines – fascinatingly diverse in character – are rarely obscured by musical commotion. There are thin passages in the gentler scenes of the second part when one feels that Reimann's score has little to offer beyond brutalism; then one remembers the marvellous quiet lyricism of the interlude after the storm scene, a long arcing melody for flutes and throbbing lower strings.

However, it is the subtle brutality, the metallic pessimism of the music that give Reimann's vision of the play its special value. Under Paul Daniel's direction the Coliseum orchestra brought out the score's meticulous detail and limitless ferocity; and the production made painfully vivid the world of thuggery and sordor that the music ever seems to postulate: Gloucester's blinding was appalling. The adjustable planked platforms of Eberhard Matthies's set once again made for a truly earth-shattering storm scene. Maria Moll as Regan, Richard Angas as Gloucester and Jeffrey Lawton as Edmund were welcome newcomers to the cast. Phyllis Cannan and Rosa Mannion repeated their distinguished roles as respectively Goneril and Cordelia. Christopher Robson was again superb as Edgar, and Monte Jaffe towering in the title role.

Paul Driver

Monte Jaffe and Richard Angas in *Lear*.

Simpson at 70

WIGMORE HALL

The composer Robert Simpson turned 70 on Saturday, and the Coull Quartet offered the first of three programmes to mark the occasion. It is perhaps a deliberate gesture that apart from Simpson himself, no composer later than Dvořák is represented in the series. This time it was the latter's "American" Quartet, op 96 in F, that preceded Simpson's Viola Quintet and followed Haydn's op 33 no 5.

The Coull delivered their Haydn with grace, if not with the full measure of puckishness that its last movements might seem to imply. The Largo was confidently warm. Their Dvořák had plenty of vernal charm and openness: good singing lines, clear and well-differentiated colours – no hint of the inflation which can spoil this appealingly unpretentious piece.

Though Simpson's programme-note for his 1987 Quintet billed it as a continuous thirty minutes long, it took the Coull thirty-seven, and their tempi sounded perfectly natural. They had Roger Bigley, formerly of the Lindsay Quartet, as their excellent second violist. It is a discursive work, but not at all diffuse, and wholly characteristic: switching on Radio 3 when I got home, I realised in no more than three seconds that another Simpson quartet was in progress.

The Quintet pursues one of those self-conscious groundplans that Simpson likes to cultivate. Here, it is a graded alternation between Andante and Vivace material (with common roots that become clearer as the piece progresses). Bursts of the quick music are insinuated into the slow, little by little, until after twenty minutes the Vivace takes over completely for a sustained, intense climax; then the process is reversed, and the Quintet reaches a broad close with the transformed Andante.

From the start there is a great deal of *fugato* writing, in which most of the counterpoint lies; there are also many unison and octave-unison passages, forcefully dramatic, which sometimes suggest a small string-band rather than a classical quintet – One rarely feels the instruments to be individual voices.

In its own terms, the long, relentless development sounds unimpeachably logical. Gauging its precise expressive weight must, I think, be a matter for seasoned Simpsonians.

David Murray

Stuttgart Philharmonic Orchestra

BARBICAN HALL

It would seem that the Barbican is becoming the favoured venue for all but the most prestigious foreign orchestras, such as Berlin and Vienna.

The next two months will see visits by orchestras from Austria, Norway and the Soviet Union, while on Friday last there was an appearance by the Stuttgart Philharmonic Orchestra on its current British tour.

Among the newly-enlarged family of German orchestras, Stuttgart cannot claim to be one of the most prominent. However, on the evidence of this concert it is, at least, a very respectable ensemble. The strings were adequate, if not on the level of Berlin or Dresden. The balance was good, with wind and brass well in the picture, to a degree they were not when the Leipzig Gewandhaus Orchestra visited this hall last year.

The programme ended with a sturdy account of the D Minor Symphony by Franck. The mix of Gallic lyricism and Germanic theory in this work would seem to suit the players well and Hauschild led a convincing performance that eschewed the many changes of gear favoured by some French conductors.

Richard Fairman

Lodoïska

LA SCALA, MILAN.

The merest dip into musical history at the time of the French Revolution will throw up the name of Cherubini's *Lodoïska*, first produced in Paris in 1791, a "rescue opera" coming half way in time and style between Gretry's *Richard Coéur de Lion* and *Fidelio*. In Cherubini's native Italy his operas have been better cultivated than in France, where he spent the greater part of his career and to whose musical life, as composer and teacher, he gave so much.

Now La Scala fittingly celebrates the bicentenary of Lodoïska with a major production (sponsored by Gruppo Eni), the first in this theatre for 40 years. Riccardo Muti conducts, Luca Ronconi produces in sets by Margherita Palli and costumes by Vera Marzot.

The original French is used, with spoken dialogue. In Cherubini's "heroic comedy" the *Fidelio* situation is reversed: the prisoner is the Polish princess *Lodoïska* captive (not apparently for political reasons) of the wicked Baron Dourlinski. Her devoted admirer Count Floreski (tenor) and his comic squire Varbel trick their way into the fortress.

After various adventures they too are captured. The three of them are set free when Titzikan, chief of some Tartar invaders whom Floreski befriended on the way in, sets fire to the castle.

"Everything about *Lodoïska*", wrote Andrew Porter of a concert performance at Siena in 1976, "the cut of the melodies, the harmonies, the orchestration, is strong and distinct, sharply defined." Cherubini's euphony (he wrote like an angel for voices and for instruments) is shot through with heroic grandeur laced with comic instrumental flourishes and chuckles.

The humour, like everything else, is firmly controlled. The ensembles, clear as daylight and taut with symphonic thrust, are a particular pleasure to follow. A 'musician's composer' possibly, but a major classical master with quite enough vitality to involve a modern opera audience.

In the leisurely first act, Muti and the splendid Scala orchestra were a little reticent on the first night, saving tension for the final trio in which the heroine is heard calling for help from her tower-prison. For the rest of the evening conductor and players kept a beautifully judged balance between clarity and urgency.

In the trio referred to Mariella Devia's voice rang out with splendid firmness. In the following acts her *Lodoïska* was less commanding. Bernard Lombardo's Floreski, vocally undersized, was eclipsed by his squire, the gifted baritone Alessandro Corbelli, the only member of the cast who did justice to the dialogue. Cherubini kept a firm hand on the comedy but he gave the opera's best role to his buffo. The crypto-Pizarro Dourlinski's music is more varied than William Shimell's trenchant but two-dimensional portrait implied.

As his henchman Altamoras, Mario Luperi vied with his master in blackness of tone. There was a lively Titzikan from Thomas Moser.

Production and design may be taken together. The sets are based on experiments in perspective explored by architectural theorists from Alberti onwards.

The Polish forest is a leafy grove seen from the ground upwards, with Dourlinski's castle keep visible off and on through the shifting foliage.

Tartar soldiers prowl among the trees. Both Ronconi and Palli make fashionable use of almost continuous movement of persons and scenery, sometimes but not always phasing with action and music. In the bare castle vaults where *Lodoïska* is confined for the later acts, panels slide back and forth.

At the end, when Titzikan sets the place ablaze, modern technology marries quaintly with toy-theatre naiveties - painted flames, a breaking drawbridge and a struggling coupling falling off it into the moat.

The effect, improbable but pleasing, is perhaps better suited to Grétry's *Richard* than to *Lodoïska* Cherubini's ending, dying romantically away after the lovers' reunion then rousing itself for a sudden, final bang, perfectly sums up the work's heroic and comic elements. The reception was friendly.

Ronald Crichton

Tatyana Nikolaeva

WIGMORE HALL

Shostakovich completed his 24 Preludes and Fugues for piano, op. 87, forty years ago last week, and Miss Nikolaeva has been playing them ever since. Originally with the composer's guidance, in fact; for he tried them out on her as he wrote them, one by one, over four and a half months. With that advantage, and the further advantage of being anyway a superlative musician, she is a magnificent advocate for op. 87. She has just played it in two instalments, last Tuesday and Wednesday, to enraptured Wigmore audiences.

The second dozen of the Preludes and Fugues, which constituted Thursday's banquet, are on the whole gentler than the earlier ones – until the last two pairs, which are properly expansive by way of concluding the whole set. The impression is however of great variety within Shostakovich's rich idiom, at least as rich as in his symphonies. Miss Nikolaeva established that wonderfully, not by wielding sharply different styles of pianism, but by addressing herself so closely to the music that the full character of every piece emerged with the utmost vividness.

If Miss Nikolaeva has that, she also has a quite remarkable piano technique. For all I know, there may be things in Liszt or in Stravinsky's *Petrushka* transcriptions that would tax her, and she doesn't boast, say, Michelangeli's perfectly engineered smoothness. But for making every line sing, in music which is often seriously complicated, her combination of subtlety and sturdy precision of feeling made a glorious object-lesson.

She was a complete mistress of Shostakovich's quirkier moods, too, which often get free rein in the Preludes, and could therefore administer the surprises and reversals that Shostakovich likes with lively conviction, and not just studied loyalty.

Rather than tease readers by remarking on this and that particular *coup* that they weren't there to hear, I'll point out that the great Nikolaeva performance is also available in an excellent Hyperion set of three CDs (CDA66441/3), and sounds no less rewarding at home. This recording goes immediately on to my short-list of music to follow with intense pleasure late at night – along with Firkusny's Janácek , the Bartók violin Duos, some Koechlin, certain Bach cantatas...

In fact, until I grew lazy about digging out LPs, Roger Woodward's fine RCA recording of the Preludes and Fugues was on that list for a long time. If I were RCA, I would strike back by re-releasing it on CDs now: the comparison with Nikolaeva would strike further sparks. For this is magisterially wrought music, easily strong enough to permit being turned through different facets by different performers: in some quarters, the idea of Shostakovich turning "neo-classical" and vying with Bach's 48 Preludes and Fugues may be greeted with a sniff, but that's a mistake.

David Murray

SPONSORSHIP

Look to the Future

Last week management consultants KPMG announced that it was devoting virtually all its annual marketing budget to arts sponsorship. It was giving more than £220,000, spread across three years, to create new works for the Tate Gallery, the Royal National Theatre and the English National Opera.

The Tate will be the first to benefit, with a new sculpture commissioned from Anthony Caro destined for the Duveen Galleries. ENO will spend its £75,000 ensuring that its new 1993 opera by Jonathon Harvey will be the best that money can buy, while the RNT will be able to commission a new play for 1992 as well as aid new writers in 1991, thanks to a top up £12,000 from the Business Sponsorship Incentive Scheme.

The initiative is entitled *Future Positive* and was chosen to reflect presumed consultancy qualities like excellence and innovation. Of course it gives KPMG opportunities to entertain guests and to involve its staff, but what best pleased the participants was the fact that all the money goes towards the creation of new artistic work. This is becoming the smart approach to sponsorship.

There can be problems when guests have to sit through a new atonal concerto commissioned by the host company or find adequate words to appreciate a progressive sculpture for the corporate collection. But the successes are many, ranging from Mobil's playwriting competition with the Royal Exchange Manchester, to the Digital Dance Awards, which celebrates its fifth anniversary this week with extra investment, particularly in commissions from choreographers, to the new short operas made possible at Covent Garden from the £100,000 revenue raised by *The Independent* and its readers.

Shell has added a commission to its regular aid for the LSO; London Electricity is funding a concerto for the London Schools Symphony Orchestra which will be created with the composer, probably David Matthews, working with the young musicians; and Christian Saalvesen is responsible for Maxwell-Davies's 4th Symphony, although it had to wait four years for the première. BP's recent sculpture competition is one of a myriad examples of companies acquiring a contemporary sculpture to set off new offices – TSB plans a major work for its Birmingham HQ.

Even the arts sponsorships tailor-made by consultants like Kallaway embrace commissions, and the winners of its Prudential Awards and Barclays New Stages must invest their prize money in new works. It will be interesting to see how much of this corporate creation will survive – our city centres will certainly carry the impression of the manifold sculptural commissions, and a corporate art collection is almost *de rigeur* these days. But since much of the money quite rightly goes to young artists, musicians, etc., it has to be bread upon the waters.

ABSA itself is showing the way by paying young poets up to £100 for verses in its annual report. It also commissioned a fanfare for ther ABSA awards ceremony but there were too few musicians available to perform it.

★

The programme for July's Cheltenham Festival is in turmoil following a sponsorship development which would provide the plot to a comic novel. The work of veteran composer Robert Simpson is to feature prominently, to celebrate his 70th birthday. Simpson is a committed socialist and pacifist, a man of upright principles. Imagine his consternation when he discovered that his works would be performed thanks to the sponsorship of British Nuclear Fuels. He has threatened to withdraw them from the Festival and discussions are underway to reach some kind of compromise.

★

Gordon's Gin, part of Distillers, is keen to change the image of its product, which is still too often linked to bug-eyed Indian colonels and pink-faced PR men. The company is after younger, trendier, drinkers – hence its humorous cinema advertising campaign and now its involvement with the Brighton Festival.

It is putting £90,000 behind the Gordon's Comedy Festival which occupies a prominent slot in the May jamboree. Half the money will go on promoting what will be the biggest comic conglomeration in the UK, including eight premières and Ken Dodd.

All told, the Brighton Festival has attracted more than £300,000 in commercial sponsorship with American Express and Allied & Leicester especially prominent.

★

The National Gallery was slow to embrace sponsorship but it has certainly made up for lost time. In the summer the £25m Sainsbury wing opens, providing a home for pre-1500 art. J. Paul Getty Jnr has given a £50m endowment, enabling the NG to add to its collection at a time of rising picture prices. And the older galleries are constantly being refurbished, thanks to £1m donations from Walter Annenberg and the Maurice Wohl Foundation.

But perhaps the National Gallery's most remarkable achievement has been to loosen the wallets of the antique trade and the salerooms. Sotheby's is funding its photographic department; Christie's is paying for better benches and frames; and Phillips subsidises the NG's publications.

Last year Agnew's, the fine art dealer, provided £350,000 to refurbish the baroque room and now another eminent London dealer Hazlitt Gooden & Fox is donating £250,000. The gift has acted as seed-corn money and attracted a further £178,000 from the museum building fund, established by the Government and the Wolfson Foundation.

The National Gallery has also extended its exhibition programme. The Queen's Pictures appear in the Sainsbury wing in the autumnn, thanks to Coutts and Nat West, and the NG's biggest show for years, of Rembrandt, is unveiled next spring, with American Express contributing $2m to a three-city tour.

★

There are still companies who support the arts because they enhance the quality of life rather than for any marketing or hospitality spin off. One such is Shell, which invests over £300,000 of its £5m "community" budget on the arts.

One consequence of such worthy giving is that the links tend to put down deep roots – the Shell-LSO Music Scholarship is well into its second decade and is probably the longest continuous arts sponsorship in the UK. Now Scottish Opera has been approached about the possibility of sponsoring its expeditions with small groups of singers to remote villages.

Antony Thorncroft

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

AMSTERDAM

Concertgebouw 20.15 Piano recital by Sumiko Nagaoka. Tomorrow and Wed: Netherlands Philharmonic Orchestra play Wagenaar, Bruch and Franck. Fri: Nielsen programme with Hague Residentie Orchestra (6718 345)
Beurs van Berlage 20.15 Alun Francis conducts Orchestra Sinfonica Haydn di Bolzano e Trento in Rossini, Schumann and Beethoven, also Thurs. Fri: Frans Brüggen conducts Bach (6270 466)

BOLOGNA

Teatro Communale 21.00 Orpheus Chamber Orchestra play music by Haydn, Mozart, Grieg and Schoenberg (529999)

BERLIN

Komische Oper 19.00 Tom Schilling's production of Romeo and Juliet, music by Prokofiev (2292 555)
Deutsche Oper 19.30 Il barbiere di Sivigila. Wed: Madama Butterfly. Fri: Il trovatore. Sun: Tristan und Isolde (3410 249)
Philharmonie Kammermusiksaal 20.00 Friedrich Gulda is conductor and soloist with Berlin Philharmonic Orchestra in piano concertos by Mozart and Gulda, also tomorrow (2614 383)

CHICAGO

Orchestra Hall 19.30 An evening with jazz trumpeter Branford Marsalis, brother of Wynton. Tomorrow: an evening with Victor Borge (435 6666)

COLOGNE

Philharmonie 20.00 Paavo Berglund conducts Sibelius' Fourth Symphony with Gurzenich Orchestra, also Mozart's Sinfonia Concertante for Violin and Viola with Josef Suk and Tabea Zimmermann. Repeated tomorrow. Thurs: Dresden Philharmonic. Fri: Cologne Radio Symphony Orchestra plays Schnittke's Fifth Symphony (2801)
Opernhaus 19.30 Yoko Watanabe sings Madama Butterfly. Fri and Sun: La traviata (221 8400)

GENEVA

Grand Théâtre 20.00 Tony Palmer's production of Peter Grimes conducted by Bruno Bartoletti, with Jan Blinkhof as Grimes, Ashley Putnam as Ellen and Victor Braun as Balstrode. Also Thurs (212311)

FRANKFURT

Alte Oper 20.00 Christine Schafer sings Lieder by Mozart, Reimann, Berg and Brahms, accompanied by Axel Bauni. Sun: Ulf Schirmer conducts Verdi's Requiem (1340 400)
Bockenheimer Depot 19.30 Schiller's Maria Stuart, also Wed to Sun (236061)
Jahrhunderthalle Hoechst 20.00 Nikolaus Harnoncourt conducts Vienna Symphony Orchestra in Mozart's Haffner, Linz and Prague symphonies (3601 240)

LONDON

MUSIC
Covent Garden 19.00 Stephen Barlow conducts Die Zauberflöte, with Joan Rodgers as Pamina, Luciana Serra as Queen of the Night, Deon van der Walt as Tamino and Olaf Bär as Papageno, also Thurs and Sat. Tomorrow: Samson et Dalila with Carreras and Baltsa (240 1066)
Queen Elizabeth Hall 19.00 Peter Robinson conducts David Freeman's Opera Factory production of Le nozze di Figaro, sung in English. Repeated Wed (928 8800)
Barbican Centre 19.45 Meredith Davies conducts English Sinfonia in Royal Gala Concert, including music by Beethoven, Delius and Vaughan Williams. Tomorrow: Mark Wigglesworth conducts BBCSO. Thurs: Maxim Shostakovich conducts LSO. Sun: The Dream of Gerontius (638 8891)
THEATRE
This week's shows include Peter Hall's production of Shakespeare's Twelfth Night (Playhouse). Silly Cow, Ben Elton's new play about a gossip columnist (Haymarket), Theatre de Complicite's production of Dürrenmatt's The Visit (National), Joe Orton's classic black comedy What the Butler Saw (Wyndham's), Andrew Lloyd Webber's latest musical Aspects of Love (Prince of Wales) and a revival of the classic musical The King and I starring Susan Hampshire (Sadler's Wells). Phone Theatreline: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962

MILAN

Teatro alla Scala 20.00 Recital by Teresa Berganza, with songs by Haydn, Sor, Rossini and Schumann. Tomorrow and Thurs: Riccardo Muti conducts Cherubini's Lodoiska. Wed, Fri and Sun: Lorin Maazel conducts La Fanciulla del West (7200 3744)

MUNICH

Staatsoper 19.30 Cinderella choreographed by Riccardo Duse, music by Prokofiev, also Wed. Tomorrow and Fri: Otello. Thurs: Der fliegende Holländer (221316)
Philharmonie 20.00 An evening with Steve Reich. Thurs and Fri: Neville Marriner conducts Bavarian Radio Symphony Orchestra (48098 614)

NEW YORK

MUSIC
Carnegie Hall 20.00 David Zinman conducts Baltimore Symphony Orchestra in Lou Harrison's Third Symphony, Stravinsky's Petrushka and Mozart's Piano Concerto No 14, with Richard Goode. Fri. Alan Titus sings Winterreise. Sat: recital by Maurizio Pollini (247 7800)
Metropolitan Opera 20.00 James Conlon conducts Le nozze di Figaro, with a cast led by Kiri te Kanawa, Mirella Freni, Frederica von Stade and Samuel Ramey, also Fri. Tomorrow: Nello Santi conducts Luisa Miller, with Luciano Pavarotti as Rodolfo. Wed: Der Rosenkavalier. Thurs: Katya Kabanova (362 6000)
THEATRE
This week's shows include Henry IV Parts 1 and 2 directed by JoAnne Akalaitis (Public), the comedian Jackie Mason's one-man show (Neil Simon), Mule Bone, a play with music, written in 1930 during the Harlem Renaissance, with a cast representing the cream of black theatre over the past 20 years (Ethel Barrymore), and Larry Gelbart's City of Angels, a jokey musical satire about Hollywood in the 1940s (Virginia). Ticketron (246 0102) answers inquiries and sells tickets

PARIS

Opéra Bastille 19.30 Myung-Whun Chung conducts Andrei Konchalovsky's production of Queen of Spades, decor by Ezio Frigerio, costumes by Franca Squarciapino. The cast includes Vladimir Popov as Hermann, Sergei Leiferkus as Tomsky, Gino Quilico as Yeletsky and Regine Crespin as the Countess. Next performances on Thurs and Sat. Runs till March 23 (4001 1616)
TMP-Châtelet 19.00 Chamber music by Chausson and Fauré, including La Bonne Chanson sung by Francoise Pollet (4028 2840)
Opéra Comique 20.00 Recital of music for saxophone and piano, with Gary Lovie and Kirsten Taylor. Wed to Sun: Paris Opéra Ballet in Coppelia (4286 8883)
Comedie Française 20.30 Beaumarchais' Le Mariage de Figaro. Tomorrow and Sun: Molière's La Mere coupable. Wed and Sat: Beaumarchais' Le Barbier de Seville (4366 4360)

PRAGUE

This week's events include La traviata at the Smetana Theatre (tonight), Dvorak's Rusalka (Thurs and Fri) and The Devil and Kate (Sat) conducted by Bohumil Gregor at the National Theatre, Vaclav Havel's play The Garden Party at the Nova Scena (Thurs and Sun), and a programme of Martinu, Ravel and Bernstein with the Prague Symphony Orchestra conducted by Libor Pesek at the Smetana Hall (tomorrow and Wed). Pre-booking at Sluna ticket agency, Wenceslas Square 28

VIENNA

Staatsoper 20.00 Peter Schaufuss stars in his own production of La Sylphide, also Wed. Tomorrow: Bartered Bride. Thurs: Giuseppe Taddei sings Falstaff. Fri: Samson et Dalila with Marjana Lipovsek and Vladimir Atlantov (51444 2960)
Musikverein 19.30 Hubert Soudant conducts Tonkünstler Orchestra in music by Ebenhoh, Beethoven, Ravel and Roussel. Wed: Dirk Joeres is conductor and soloist with Westdeutsche Sinfonia. Fri: Vaclav Neumann conducts Czech programme with Austrian Radio Symphony Orchestra. Sat and Sun: Swedish Radio Symphony Orchestra play Richard Strauss and Mahler (505 8190)
Konzerthaus 19.30 Recital by Maria Ewing, with songs by Brahms, Richard Strauss, Debussy and Rossini. Tomorrow: Mozart violin sonatas played by Thomas Zehetmair and Herbert Tachezl. Wed: piano recital by Ingeborg Baldaszti (7124 6860)

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Monday March 4 1991

Rethinking in Moscow

MOSCOW FACES some hard thinking in the aftermath of the Gulf war. It not only has to define the kind of relationship it wants with its old allies in the region, but also the broader relationship it wants with the west.

Over the years more than 50,000 Soviet military specialists made their careers out of training President Saddam Hussein's army, while the defence industry earned upward of $2bn a year from arms sales. As the war progressed the pro-Iraqi lobby in the Soviet military-industrial establishment made clear its growing displeasure at Soviet support for the US-led alliance, which was destroying the largely Soviet equipped and trained Iraqi army with its high-technology weapons.

The fact that such rumblings were allowed to surface reflect the profound changes which have taken place in domestic Soviet politics since the Gulf crisis began last August.

Soviet support for UN resolutions was forthcoming while Mr Eduard Shevardnadze was still foreign minister. He was part of a Soviet government that included other convinced supporters of radical reforms at home and rapprochement with the west abroad. Since then, Mr Shevardnadze and other "liberals" have been dropped and plans for radical market-oriented reforms of the Soviet economy have been shelved. Production is falling against the background of deepening economic crisis and looming hyper-inflation.

Conservative reaction

Perestroika seems to have run its course. Since October President Mikhail Gorbachev has, instead, embarked on a new, more authoritarian form of government based on the pillars of the *ancien regime*. Those now making policy are mainly conservatives from the army, the security forces, the party and the military-industrial complex, which has intimate links with all three.

However much they may resent it, the conservatives have to face the fact that the Soviet Union is a diminished superpower, after the collapse of its hegemony over eastern Europe, the demise of the Warsaw Pact, domestic political turmoil, economic decline and a lengthening list of other factors, of which the latest is the defeat of its former key ally in the Middle East.

Marshall Dimitri Yazov, the defence minister, reacted to the failure of Iraq's Soviet-supplied air defences to counter the latest US technology, from Stealth bombers to smart bombs, by calling for a review of the Soviet Union's own defences. But it would be a tragedy if this led Moscow to conclude it had to pump scarce resources into the hopeless task of keeping up with western military technology, which bankrupted it in the first place.

Building on goodwill

It would be far more sensible to build on the goodwill earned over the past few years, which was reinforced by early support for the UN resolutions against Iraq. The Soviet Union should signal its intention to co-operate with the west over the broad spectrum of issues from Middle East security to arms control, economic co-operation and human rights.

It was this policy of reform at home and co-operation abroad which gained western support for Mr Gorbachev and perestroika in the first place; such support is now needed more than ever. The west wants to help the Soviet Union help itself become a modern, prosperous and peaceful country, as Mr John Major will reassure Mr Gorbachev in Moscow this week.

The most pressing need is to help Moscow transform a military economy into a normal market economy, producing largely civilian goods. The IMF, World Bank and other institutions showed their willingness to help only six months ago. But the assistance can only come through if Moscow concludes that nostalgia for an authoritarian, superpower past is not an option. It should honour both the spirit and the letter of the commitments entered into, including the Conventional Forces in Europe (CFE) treaty and the Charter of Europe which clearly forbids the violent suppression seen recently in the Baltic states. That is the only basis for potential economic recovery at home and an effective role in world affairs.

Still time to act on pay

AFTER 10 months of rising unemployment in the UK, the rate of wage inflation is starting to fall. But this necessary fall is being bought at an unnecessarily high cost in unemployment and lost competitiveness. By the time the alternative – a co-ordinated switch to forward-looking wage bargaining – has permeated the minds of UK policy-makers, it will probably be too late.

Sterling's entry into the European exchange rate system has changed the framework in which wage-barginining must operate – something that is taking a regrettably long time to sink in. With devaluation presumably ruled out, maintaining UK industrial competitiveness requires that wages in the UK rise no faster than German wages.

Yet average wage settlements are still delivering increases of about 9 per cent. Wage inflation now appears unlikely to reach sustainable levels before the autumn pay round, even if manufacturing pay settlements have now fallen to an annual 8.3 per cent, as the Confederation of British Industry claims. With underlying inflation likely to reach 5 per cent by the end of this year the prospective increase in real wages is 4 per cent, at a time of falling average productivity. Since companies are unable to increase prices at the same rate as their labour costs are rising, profits, investment and jobs are inevitably being cut.

Unemployment blot

High and rising unemployment, perhaps exceeding 2.5m by 1992, represents a failure of UK economic policy. It is individually rational for companies, in a competitive labour market, to negotiate unsustainably high wage settlements in order to retain and motivate key workers. It is collectively irrational for the country as a whole to sacrifice jobs and competitiveness because a co-ordinated break with the past is deemed politically infeasible.

There is still time for a co-ordinated shift to forward-looking wage contracts. Management and employees would then bargain over the real wage rise for the coming year. To this would be added an expected inflation rate, so giving the overall nominal wage settlement.

These contracts would clearly be in the interests of employers. They should also find favour with unions, who surely must represent the interests of all their current members, not just those who retain their jobs. Employees would legitimately fear that this year's inflation forecast might turn out too low. In this case the wage contract would allow for a lump-sum payment, at the end of the period, to preserve the agreed real wage rise. Once wage inflation stabilises at European levels this would no longer be necessary.

German model

The National Institute of Economic and Social Research has proposed a similar approach. It has constructed an average "European" inflation rate, around which pay could be negotiated. But the institute's inclusion of Italian inflation, along with that of France and Germany, is peculiar. The UK should aim to be the most competitive country in the European Community, which means trying to undercut the German inflation rate.

Some take mistaken comfort from the recent rise in German wage claims. But Germany is at the peak of its economic cycle. For the UK, which is now in deep recession, to do only as well as Germany would be far from good enough.

A co-ordinated shift to forward-looking contracts does not mean a return to centralised pay norms, as the CBI fears. The CBI's role in the new system would be to exchange its tired general exhortations about pay for specific advice to members about pay-setting mechanisms linked to inflation projections. The approach is wholly consistent with local pay bargaining and flexibility of relative wages.

Without co-ordination, individual companies will not be able to escape the beggar-my-neighbour tradition of bargaining based on past inflation. It is now almost too late for the CBI to make the imaginative leap needed to embrace this role. If it does not, the economic costs in terms of record bankruptcies, rising unemployment and rapidly rising unit labour costs will be enormous.

As speculation about a general election intensifies, **Philip Stephens** considers the likely content of the Conservatives' manifesto

Shape of the Tory party to come

Mr John Major has given us a working title for his general election manifesto. Now he must begin to add substance to the rhetoric of The Conservative Opportunity.

The prime minister has not been swept up in the post-war euphoria among Tory MPs. An instinctively cautious man, he does not know when during the next 16 months he will decide to face the electorate. The comment of a close friend – "he will fight it when he thinks he can win" – encapsulates more political wisdom than any number of analyses from Westminster's Kremlinologists.

Mr Major, though, has decided that the coincidence of the allied victory in the Gulf war and falling mortgage rates means that he must be ready for a summer election if the opinion polls prove irresistible. For the politician who declares proudly that "I am not ideologically pure in any way", that means producing a manifesto which removes some of the veils which still shroud his philosophy.

He will have plenty of raw material. On his return from Moscow later this week, the departmental groups set up by Conservative Central Office will deliver sacks of manifesto recommendations to Downing Street.

The groups, embracing ministers, back-bench MPs and sympathisers from academia and the think-tanks, have ideas on everything from integration of the tax and social security systems to reform of the divorce laws.

By the end of this month they will be evaluated, sifted, and refined by Mr Chris Patten, the party chairman, and Mrs Sarah Hogg, the head of the prime minister's policy unit. It will be Mr Major's selection – and his additions – which will define the brand of Conservatism that the government offers the electorate.

For those accustomed to the certainties of Thatcherism, Mr Major is still an enigma. His succession was guaranteed by the right of the Tory party. Now, the centre and left are claiming him as their natural leader, the heir to the One-Nation strand of Conservatism which Mrs Thatcher set out to extinguish.

The latter are the more confident. A conciliatory tone on European integration and efforts to rebuild Anglo-German relations have convinced the Tory right that Mr Major will make compromises which take Britain further along the federalist road.

The prime minister has decided in his own mind that there is nothing to do with Mrs Thatcher's flagship – the poll tax – except to promise in the manifesto to sink it. The only question remaining is whether any of the mast remains above the water.

His succession points also to a slowing in the frenetic pace if not the direction of change. As one minister puts it: "It's time for a bit more consent and bit less confrontation."

But those in Mr Major's inner circle insist that he has been misunderstood by both the right and left of the Tory party. It is a confusion reinforced by his stubborn but politically astute determination to inhabit a world of greys, not blacks or whites.

As he remarked in his first speech as prime minister: "For me, Conservatism is not a creed, it is essentially the common sense view of life from a tolerant perspective." The late Mr Iain Macleod – a founder of One-Nation Toryism – is his mentor but he remains true to Thatcherism.

During the Gulf war, Mr Major stuck firmly to Mrs Thatcher's brief; but he abandoned her bellicose language. He has handed out small amounts of taxpayers' money to the haemophiliacs suffering from Aids and to the elderly during the cold snap; but the Treasury is as uncompromising as ever over larger sums.

Mr Patten has begun to provide a sharper political rhetoric for Mr Major's instincts. The party chairman is less shy about changing course – and keen that his prime minister should appreciate the extent of his own authority to do the same.

> Inflation is poison to investment, poison to competitiveness and poison to industrial relations. And inflation is social poison.
>
> First and foremost, I loathe inflation....it is economically destructive and socially divisive.
>
> I am not ideologically pure in any way.
>
> Savings bring security and can move us on from a property-owning to a capital-owning democracy.
>
> More privatisation, yes, of course. But also more partnership with the voluntary and private sectors.
>
> We need to give teachers back the status they once had.

But Mr Patten's speeches on the social market – on the need for a German-style balance between market solutions for the economy and public provision of social services – tell only part of the story: so do Mr Major's own soothing words about preserving the welfare state, putting state education at the top of his political agenda.

The commitment to strengthen the core of the welfare state does mark a break with the past. She would never admit it, but the logic of Mrs Thatcher's approach foreshadowed a gradual rundown of state education and health until they became safety nets for those too poor to opt for the private sector.

That "hidden agenda", with its suggestions for new tax incentives for private health care and a vouchers system for education, has been abandoned. For Mr William Waldegrave, the health secretary, the NHS can be run as a business but never turned it into one. Mr Kenneth Clarke, the education secretary, wants state schools to compete with private provision.

This public promotion of the "social" side of Mr Patten's social market equation is not accidental. All the opinion polls show that there are large numbers of votes in a promise to shave off the rougher edges of Thatcherism. Its impact, however, has been to blur the extent to which Mr Major will promise continuity on the market side.

The prime minister does not want a growing public sector – quite the reverse. "People will spend their own money in their own interests better on their own behalf than the government can spend it for them," he commented recently.

Privatisation will be writ large in his manifesto. The coal industry, the railways and the Post Office (the counter and parcels services, if not the Royal Mail) are all candidates.

Mr Major wants to push ahead with the process of shrinking government – by the creation of agencies and the contracting out of services as well as by straight sales of state-owned assets. The starting point is that everything done by the public sector should be examined to assess whether the market could deliver a better service. Only when the answer is no – as he believes it is in health and education – should the Treasury be ready to spend taxpayers' money.

It is not difficult to see why the government has shifted public attention to a promise to shave off the rougher edge of *Thatcherism*

Councils should see their role as agents for local services not necessarily the providers of those services. The manifesto will include plans to accelerate the transfer of public housing to individuals and housing associations and to force more contracting out of local authority services.

Those close to Mr Major insist that he will be more, not less, radical than his predecessor in the battle against inflation. The decision to take sterling into the exchange rate mechanism of the European Monetary System was as much about that commitment as about defusing the row within the Conservative party over Europe.

The social as well as the economic impact of inflation – in ravaging the savings of those on fixed incomes – is a constant theme of his speeches. "She [Mrs Thatcher] said that inflation was the priority. Major means it," is the judgment of one aide.

Nor does a commitment to improved public sector services imply a retreat from the emphasis on the rights of the consumer which has characterised the government's education and health reforms.

The manifesto will include a pledge to speed up the process under which schools can opt for grant-maintained status. Further education colleges may also be encouraged – or told – to break their links with local authorities. The *quid pro quo* for the enhanced status – and rewards – for teachers will be their acceptance of a much more flexible working and salary structure and a training system which emphasises practical experience as much as educational theory.

Mr Major is enthusiastic about the internal market in the health service. Self-governing hospital trusts, budgets held by general practitioners, and contracts with GPs which are directly linked to performance all have his firm backing. "We are not going to privatise the NHS but we are not going to leave it untouched," one insider comments.

Elsewhere, the manifesto will be traditionally Tory. Before Iraq's invasion of Kuwait, Mr Major had been convinced by the Treasury of the scope for large cuts in the defence budget following the end of the Cold War. But whether or not the Gulf war has prompted him to modify that judgment, his message to the electorate will be identical to that of his predecessor: only the Tories can be trusted with the defence of the nation.

Personal ownership is as important to Mr Major as it was to Mrs Thatcher. The emphasis is not just upon property. His own relatively humble background has convinced him of the value of savings in promoting the idea of personal independence in which Conservatism is rooted. So the Tessa scheme he unveiled as chancellor last year will be followed by the promise of more tax incentives to encourage saving and the spread of share ownership.

It is here that both the continuity and the promised break with the past emerge, a process encapsulated in a remark by the prime minister during the Tory leadership campaign.

"There is not a great deal of choice if you are unable to exercise that choice because you are hemmed in by one thing or another," he said. The implication is clear: the opportunity society which the manifesto will promise (the initial "classless" has been quietly dropped from the vocabulary) includes a role for the state in supporting individual endeavour.

For Mr Major, the government must provide incentives for those nearer the bottom than the top of the social and economic scales. To paraphrase a comment once made by Mr Norman Tebbit, the former Tory party chairman, the state should help people onto their bikes.

The commitment to preserve and improve the state education and health services flows from the perception that they are the escalators of social mobility. Mr Major will not offer more tax cuts for the rich, but instead the promise to improve incentives for the less well-off.

If he is as ambitious as some friends hope he will pledge the integration of the tax and social security system to eliminate the poverty traps which confront the poor with effective tax rates of 70 per cent and more.

Personal Equity Plans for the middle classes may be supplemented by direct income tax relief for much smaller share purchases. Those totally reliant on state pensions can expect more generous treatment from the social security budget.

It will not be spelled out in the manifesto, but the drive to cut tax rates which characterised Mrs Thatcher's government will slow. In Mr Major's view the rich have done well out of the past 12 years. He wants to emerge as the champion of the "small" man or woman.

Better education and health services will also involve an implicit commitment to stabilise rather than continue to reduce the share of national income taken by public spending. Mr Major wants to privatise the railways, but he appreciates that he will first have to spend more money on it.

It is a politics for the voter on the Clapham omnibus who has been convinced by the economic truths of Thatcherism but more recently repelled by its social cost.

So far, of course, it is all words. But Mr Major's admirers share the view expressed recently by Lord Joseph – for long Mrs Thatcher's mentor – that "in politics, words ineluctably affect attitudes and, eventually, deeds".

Details of the Conservatives' manifesto planning will appear on tomorrow's Parliament and Politics page.

OBSERVER

Golden recovery

■ If 29-year-old Ian Rose is not yet the richest man on Blackpool's golden mile, it's unlikely to be long before he is.

Having begun by selling T-shirts on Blackpool prom, Rose has just clinched a deal to impress even the likes of Lord Hanson. He's bought back the Imedia business he sold to troubled marketing group Acsis, for a fraction of the £25m the group paid for it.

Rose and friends are re-acquiring the bunch of media properties for around £5m, a bit over half in cash. In 1990 these businesses made pre-tax profits of £2.8m, more than 50 per cent of Acsis's total.

The scheme would have sparked little interest outside Blackpool if it hadn't been for the circumstances of its hatching. About three weeks ago Rose resigned from the Acsis board, for personal reasons. That scuppered a deal with Cannon Cinemas, one of the group's biggest clients, and Yorkshire Bank was having second thoughts about continuing a £2m loan.

Acsis's advisers thought the departure of Rose plus others of his management team, would "undoubtedly have had a significant adverse impact on the performance, and therefore on the value of Imedia". So when he offered to buy it back, Acsis felt it must talk.

Rose insists the price is all he and his chums can afford. "We are not complaining," he says.

On the other hand, some of Acsis's shareholders might be forgiven for doing so.

Pioneer moves

Wall Street is about to lose one of its own. Perrin Long, doyen of broking-industry analysts, is leaving New York for Detroit. Next month, after 17 years at Lipper Analytical, he goes to securities firm First of Michigan as director of stock research.

For over three decades the 65-year-old has spread fear with his outspoken views on the securities industry, first with E F Hutton, then Faulkner Dawkins & Sullivan before joining Lipper.

When he started Long was the only analyst researching the securities industry. Now, thanks in part to the attention he garnered with his robust analytical style, the industry is swarming with analysts.

Merrill Lynch, a long-time target, generously credits Long with helping securities firms to get the recognition they deserve. Shearson Lehman hails him as "an institution in the true meaning of the word."

With his usual modesty, Long says the main attraction of the move is the chance to run his own show and build a department from scratch. "I like working with young people, and hope to pass on to them some of the things I've learned over the past years."

"If I was Saddam, I'd shave my moustache off."

Switch twitch

■ Few people are watching more anxiously for signs that John Major will go for an early summer election than the two Scottish electricity companies, Scottish Power and Scottish Hydro-Electric.

Impact day for their flotation, when the full prospectus will be published, is May 30. But if Major opts for a June election, privatisation could not take place in the three-week run-up to polling. Nor can the impact date be brought forward sufficiently to avoid a clash.

That raises the possibility of the government going to the polls with the privatisation of the electricity industry incomplete. The Tories have set great store on this first Scottish flotation, both to make two substantial additions to the relatively few big indigenous Scottish companies, and as a way of creating a lot of new Scots shareholders. If Labour wins, the companies would be left stranded in the public sector

They were ready to be privatised before the distributors and the generators. But the Department of Energy wouldn't hear of the Scottish Office overtaking it.

"We've had no indication of any change in our schedule," said Mike Keohane, an executive of Hydro-Electric. Then again, it would have been hot news if he had.

Fresh face

■ Tough times are forcing the Belzbergs, once among the most feared of North America's corporate raiders, to project a gentler image.

The Vancouver-based family pulled out of the risk arbitrage business last year after big losses in abortive attempts to gain control of the British food stores group Asda and US floor-coverings manufacturer Armstrong World Industries. They have also run down their US$1bn securities portfolio.

Now, family mastermind Sam is making way for his nephew Brent on the bridge of the family flagship, First City Financial. Aged 40, the new chief executive is an elegant lawyer – a sharp contrast to his 62-year-old uncle who is more of the rough-diamond breed. Brent is the son of Sam's older brother Hy, who still runs the furniture shop in Calgary, which their father started after immigrating to Canada from Poland.

Sam remains chairman of First City and few doubt that he will still be pulling the strings behind the scenes. "The fact is Sam's still the boss," comments one person who has worked with both men.

Brent says First City faces a "very difficult" year of restructuring and refinancing. Once the mistakes of the past have been repaired, he hopes to focus the company on its financial services and real-estate businesses.

Name dropping

■ Several colleagues – but not Observer, I hasten to add – have been invited to contribute biographical details to People of Today, Debrett's answer to Who's Who. Initially, the idea of figuring in so august a setting made some of them puff up with pride. But pride comes before a fall.

"It is generally acknowledged, if not universally acceptable," says Dennis Hackett, a consultant editor with Debrett, "that the media today exercise a great influence on society. It is the aim of People of Today, therefore, to ensure that the media are appropriately represented."

The result of those enchantingly sniffy words is that most of my hand-picked colleagues have declined to appear in such a downmarket publication.

هكذا من الأصل

British Coal and the 'big black veil'

Juliet Sychrava and **David Thomas** on questions over the nationalised industry's future

Few industrialists would relish the task facing Mr Neil Clarke when he makes his first public statement today as the new chairman of British Coal. A low-key accountant who abandoned the relative calm of the UK precision engineering industry to take the helm of Britain's nationalised coal corporation, Mr Clarke must convey two very different messages.

First, his audience at the Coal Industry Society will be eager for some sign of an end to the years of bloodletting in the industry. No other industry has matched British Coal's restructuring in the five years since the miners' strike. About 150,000 jobs have been shed and 102 pits closed, leaving 75,000 jobs and 68 mines. The result: a doubling of productivity and a likely operating profit this year of about £80m, the first for 13 years.

Second, Mr Clarke will need to convince his wider audience in government and among the industry's customers that he has the tenacity to tackle British Coal's manifold problems. Despite its recent progress, the industry is facing an agenda as daunting as any in its history:

● *Plans* by its two main customers, National Power and PowerGen, to slash purchases of British coal from 1993.

● Growing concern about the damage done to the environment by burning coal, which is seen as the main cause of acid rain and global warming.

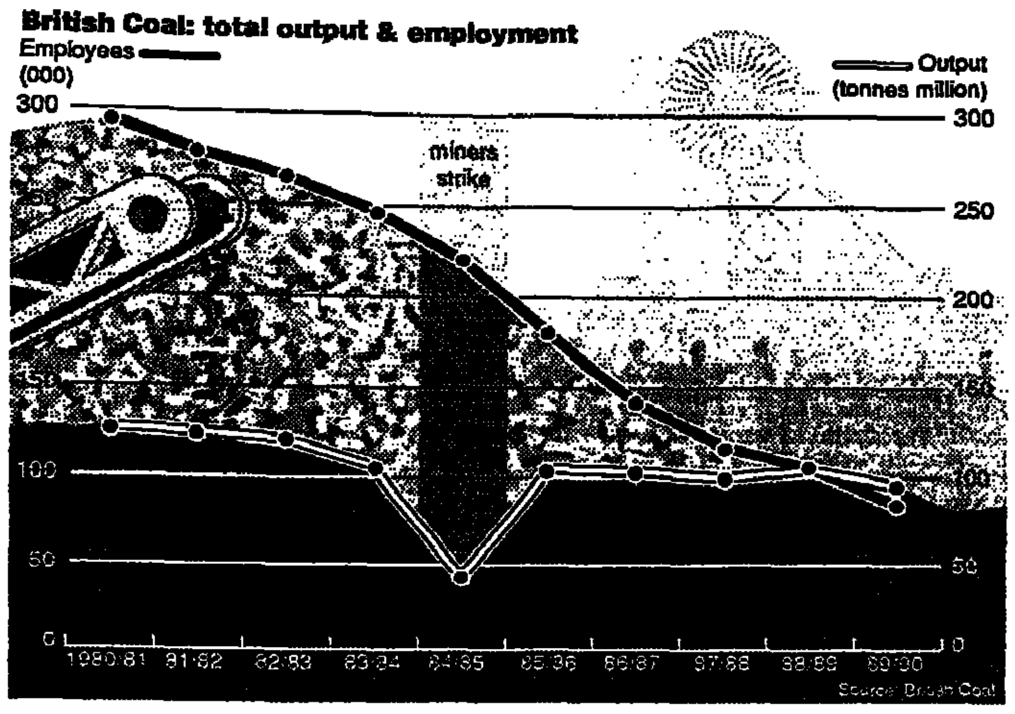
● Government determination to privatise British Coal, one of the last of the great nationalised corporations created after the Second World War, in the lifetime of the next parliament.

The industry is now mesmerised by one particular date: March 31 1993. That is when contracts will expire which cover delivery to National Power and PowerGen of about 80 per cent of British Coal's output at artificially inflated prices. After this, says Mr Malcolm Edwards, the corporation's commercial director, British Coal's future is "nothing but a big, black veil".

National Power and PowerGen have plans to invest in coal-importing facilities to step up sharply purchases of cheaper foreign coal, currently *running at about 3m tonnes a* year each. "The cost of importing foreign coal into a Thameside power station is roughly two-thirds the cost of buying British coal," says one of the generating companies.

British Coal claims that more coal imports would expose the generators to exchange rate fluctuations and would not guarantee them security of supply at a fixed price. But the generators remain confident in their ability to hedge their contracts or even to buy overseas coal mines. They brush aside fears that more imports would raise the price of the 175m tonnes of steam (electricity-generating) coal traded internationally: plenty of spare world coal capacity could be quickly brought on stream, National Power and PowerGen say.

British Coal: total output & employment



Environmental pressures are also forcing the generators to cast a cold eye over British coal, which has a high content of sulphur, the main cause of acid rain, and is a leading emitter of carbon dioxide, the most important greenhouse gas. The electricity industry has *responded* by abandoning plans for new large coal-fired stations, opting instead for a new wave of gas-fired plant, which is less polluting.

British Coal finds some support for its belief that the switch to gas as a generating fuel will drive up gas prices. "Other European countries, especially in eastern Europe, are also making substantial investments [in gas generation]. In the mid-1990s there will be a sharp rise in the demand for gas," *says* Dr Dieter Helm, an energy expert at New College, Oxford.

But it is by no means clear that any price rise would make gas uncompetitive. At present, according to Professor Colin Robinson of Surrey University, gas-based generation, at a cost of about 2.5p a unit (kilowatt hour), is significantly cheaper than electricity using British coal, at 3.5p.

Gas price increases would also encourage more supply. Mr Jonathan Stern, a gas expert at the Royal Institute of International Affairs, says that given a price rise of about 25 per cent, it would be possible to have "unlimited gas" piped from such sources as the Soviet Union.

Cost and environmental pressures might make National *Power and PowerGen reluctant* to buy much more than 35m-40m tonnes of coal a year, little more than half their current take from British Coal, under *short-* or medium-term contracts beyond 1993. This could force British Coal to shut as many as half its remaining pits, some observers believe.

The government, which has a strong interest in the issue not only through its ownership of British Coal but also through its continuing 40 per cent stake in National Power and PowerGen, is keen to defuse fears that it will intervene in the coal contract negotiations. "I don't think the European Commission would be sympathetic to the suggestion that we were trying to protect the coal industry while forcing the electricity industry to pay more than a market price for its fuel," says the Department of Energy.

Yet final decisions on how British Coal will be privatised cannot be taken until the likely shape of the new coal contracts becomes clearer next year. Only then will ministers be able to resolve the two pivotal *issues: whether British* Coal will be sold intact or split up; and whether it will be floated on the stock exchange or sold to a trade buyer.

"All the options are open," says the Department of Energy. "You could sell off the (highly profitable) opencast division, or the opencast together with some profitable deep mines. You could sell off Longannet [Scotland's last remaining pit], a mine that has long-term contracts with a local power station – or offer it as a management buy-out."

In the medium term, two developments might bring some relief to the hard-pressed British coal industry. One is the corporation's development programme for clean-coal technology, designed *to overcome* environmental objections to new coal-fired stations.

British Coal has developed technology which works by recapturing waste heat, boosting efficiency to a level competitive with gas. It also removes 90 per cent of the sulphur from the coal, and cuts carbon dioxide emissions by at least 20 per cent.

But British Coal says it needs government funding to *make the technology* commercially viable. Compared with its still open-handed attitude to nuclear power research and development, the government has so far been less than generous to new coal technologies.

Yet only a change in the government's attitude to the security of energy supplies would preserve the British coal industry in something like its present size and shape. Its current *laissez-faire* approach is the *subject of persistent criticism* by the opposition. "With the turmoil in the Gulf," Mr Frank Dobson, Labour's energy spokesman, told a UK coal conference, "we are entitled to ask 'where from?'. Oil and gas from the Gulf? Gas from the Soviet Union? Coal from Colombia? Scarcely a roll-call of stable secure sources of supply."

A government which continues to pour money into nuclear power and is concerned about the impact of more gas imports from Norway, as this administration is, cannot be described simply as a proponent of a free energy market. Ministers remain highly sensitive to the coal industry's political importance in marginal seats.

Yet this government has shown little sign of wishing to protect British Coal further from the rigours of the market: commitments not to intervene in commercial decisions made during the privatisation of electricity would make it more difficult for a Conservative government, if re-elected, to erect such barriers.

A Labour government would *share few such inhibitions*. Mr Dobson has repeatedly stressed Labour's opposition to more coal imports and to the use of gas for electricity generation. *Not for the first time in its* history, the immediate prospects for Britain's coal industry turn as much on politics as on economics.

Post-war reconstruction

Saddam's Iraq: a squandered inheritance

By Ridha Mohammed

If there were no other reason for wanting to see the swift removal of President Saddam Hussein from power in Iraq, the desperate state of the country's economy would be a sufficient argument.

Thanks to Mr Saddam's unjustified invasion and annexation of Kuwait and to his subsequent refusal to relinquish the emirate until forced out by war, Iraq's oil economy has been strangled by sanctions and a large part of its infrastructure is in ruins.

Iraqi officials estimate the cost of the latest war to amount to about $200bn. To that must be added the damage inflicted by the previous Gulf war – *the eight-year conflict* between Iraq and Iran, which in terms of additional spending, lost foreign exchange reserves, debt and lost economic growth may have cost another $200bn.

The result is that, even at zero world inflation and the present level of oil prices – both optimistic, not to say unlikely, assumptions – Iraq's oil exports are mortgaged for at least 30 years to come, simply in repairing the damage caused by Mr Saddam's military adventures.

Clearly Iraq is not going to get moving on the basis of its own resources alone. Indeed, without a Marshall-style aid programme from the international community, coupled with debt relief and, of course, an appropriate mix of policies at home, the country is condemned to economic misery for the foreseeable future.

Mr Saddam's continuance in power only makes all these things – aid or self-sustaining growth – more difficult to achieve. There is no chance that potential donor countries or development institutions, whether regional or international, will be ready to provide Iraq with new finance or forgive its debt so long as Mr *Saddam remains president*. Sanctions will continue, thus blocking off the oil export pipelines through Turkey and Saudi Arabia. There will be *persistent demands* for war reparations.

What is more, a Saddam-led Iraq is likely to continue to follow many of the economic policies that helped get the country into this mess in the first place. It was, after all, economic difficulties that underlay Mr Saddam's dispute with Kuwait last year. After the war with Iran, Iraq experienced increasing trouble financing its military imports as well as civilian consumption and investment. He invaded his neighbour because he wanted *to effect a quick solution* to these financial problems.

There is no inherent reason why Iraq should have such problems managing its economy. The country is well endowed with natural and human resources.

In addition to its 100bn barrels of oil reserves – the world's second highest after Saudi Arabia – it is fertile, with the largest amount of agricultural land per capita of *any Arab country apart* from Sudan and Somalia, and the Arab world's largest volume of water resources. It is endowed with beautiful scenery in the north and is well-known for its ancient archaeological sites, both potential sources of income. It has an adult literacy rate of 90 per cent, and its educational enrolment rate at all levels is high by the standards of Arab and developing nations.

Even at zero world inflation, Iraq's oil exports would be mortgaged for the next 30 years

By rights, Iraq should now have become a relatively advanced developing country with a sound agricultural and industrial base. That it has not is in large part attributable to the politically-repressive and economically-misguided nature of the Saddam regime.

Mr Saddam's central goal was always to build Iraq's strength by military means. As a result, he devoted vastly excessive resources to military *expenditure; according to the* United Nations Development Programme, the ratio of Iraq's spending on the military to its spending on health and education is 711 per cent, the highest in the world.

Yet as recent events – notably in eastern Europe – have shown, real power stems as much from a sound economic base as from military strength. Iraq may have looked until last week as if it had the latter, but it can scarcely claim to have had the former, deriving more than 95 per cent of its foreign exchange earnings from the export of one commodity, importing 80 per cent of its food consumption and suffering from chronic inflation and a heavy debt burden.

Iraq has consistently failed in its stated objective of generating significant financial resources in addition to those acquired through oil exports and external borrowing – by boosting agriculture or manufacturing industry. It has failed *fully to persuade the private* sector to use its accumulated resources in developing commerce. It has not created the conditions under which investment might flourish, either by its own citizens or in joint ventures with investors from other Arab countries.

An inflow of investment from the almost 1m Iraqis living abroad, for example, would require the establishment of mutual trust with the government in Baghdad, a condition which is far from fulfilment.

Above all, building an economy with a strong non-oil base requires genuine political stability based on multi-party democracy, the safeguard of human rights and the rule of law. If Iraqis are to be productive and creative, no individual should fear to express his or her views freely and to assume responsibility for his or her own life. All should have a say in the allocation of national financial resources, a subject which assumes even greater importance at a time when such resources are liable to be scarce.

Iraq is always described as a country with rich resources. Saddam Hussein and his clique apart, there is no fundamental reason why it should not *become a free country* with rich people.

Ridha Mohammed is a pseudonym for an expatriate Iraqi economist working in Europe.

LETTERS

Businesses face huge rate bills

From Mr Richard Shepherd MP.

Sir, Joe Rogaly (Politics Today, February 22) suggests that business would not want the non-domestic rate to be returned to local government as a result of the Heseltine review. This may or may not be so. What is certain, however, is that the combined efforts of moving to a common poundage at the same time as the first rating revaluation since 1973 has led to dire effects for many businesses.

According to figures recently provided to me by the Department of the Environment, 890,000 non-domestic ratepayers faced rate increases of 20 per cent or more in the first year of the government-set national non-domestic rate, with 720,000 facing similarly large rises in 1991-92. These figures compare with 70,000 facing rises of this size in 1989, the last year of local government control.

It is true that in the intervening *period there have been* changes in definition. However, the fact remains that hundreds of thousands of businesses face huge rate bills in exchange for no improvement in local services.

Mr Heseltine's review must also consider this deplorable imposition on business.

Richard Shepherd MP,
House of Commons.

Objectives of cable TV industry misunderstood

From Mr Richard Woollam.

Sir, In your editorial ("The Cabling of the UK," February 28) you suggest that the cable television industry is to be "mollycoddled" by the Department Of Trade and Industry and Oftel to the detriment of British Telecom in the forthcoming review of telecommunications policy.

Your comments suggest a misunderstanding of the objectives of the cable television industry and its historic relationship with BT.

Cable television franchisees already have the right to offer competitive telecoms services, and though these rights are still somewhat limited, a number of cable companies are already offering telecoms services with great success.

Until recently BT was a leading investor itself in the cable television industry and through its interests in *five cable franchises enjoyed* the ability to combine television and telecommunications services.

BT subsequently decided to withdraw from the *cable industry*. Its current inability to offer combined services is a result of its own decision to leave the cable television business, and not as a result of any regulatory discrimination.

If BT decided to re-enter the cable television business by investing in cable franchises, it could do so on the same basis as any other company and *regain the right to offer combined* services in those areas immediately.

However, BT is demanding special privilege from the telecommunications review, namely the right to offer combined television and telecoms services outside the requirements of the Broadcasting Act 1990 and the current regulatory regime – a regime adhered to by all other companies in the cable television business.

The cable industry is not asking to be "mollycoddled" by government or the regulators. What we do ask is a reasonable period of time in which to establish our business.

As your editorial suggests, BT should be stopped from providing telecoms services for a certain period of time, and, *working* closely with the industry, I can say that a period of 15 years is a minimum requirement if the UK telecommunications environment is to reap *the cost and quality benefits of* local competition.

Richard Woollam,
director general,
The Cable Television Association,
50 Frith Street, W1.

Self-sufficiency not essential in farming policy

From Mr Steve Parsons and Ms Alison Monk.

Sir, While we would agree with Mr W M Reid (Letters, "Farms: survival without subsidy", February 25) that there is no good reason for well-managed farms of over 200 acres not to adapt or survive without subsidy, we would take issue with him on his use and interpretation of statistics.

Public expenditure on agriculture in the UK has only recently *returned to the levels* operating in the mid-1950s.

Over much of this time spending was considerably reduced but self-sufficiency in *indigenous food and feed still* rose from less than 65 per cent to more than 75 per cent.

The figure Mr Reid quotes for self-sufficiency is for all food and feed, including some products that we could not sensibly produce at home, for example, pineapples.

Since Denmark and the UK entered the European Community at the same time, in 1973, they have both benefited from an identical system of price support.

We would suggest that other factors – for example, government commitment to agricultural education and the widespread and enthusiastic membership of co-operatives – may have contributed to their "superior" level of production.

Classical trade theory would suggest that Denmark is a producer and exporter of a small range of agricultural products in which they enjoy *comparative and not absolute* advantage.

Community welfare is enhanced by such specialisation and trade.

One of the objectives of the Common Agricultural Policy (Cap) is security of supplies, but this does not mean that every country has to be self-sufficient in every product.

It is, after all, a common and not a national agricultural policy.

Steve Parsons and Alison Monk,
senior lecturers in agricultural economics, department of business management,
Harper Adams Agricultural College,
Newport,
Shropshire.

Reconciling pacifism with defence is the challenge

From Mr Patrick Robertson.

Sir, In his column (Ian Davidson on Europe, February 25) Mr Davidson states: "It has been fashionable to jeer that the Gulf War exposed the feeble disarray of the Europeans. These were always cheap jibes, stupid and ill-informed."

Thus Mr Davidson sneers at our stupefaction that France should have withheld a secret peace initiative from us, Belgium should have prevented the sale of ammunition to us, and Germany should have gone to the lengths of lying about her constitution in order to avoid sending forces to the Gulf, even at the risk of undermining Nato.

He calls those of us who have been critical of Europe's response to the Gulf "stupid", but he tarnishes us with his own much more stupid notion that we want to live the "long-vanished dream of splendid isolation....condemned to solitary destinies in a world they could not control".

Mr Davidson should be reminded that sensible democracies are perfectly capable of coming together when they are too weak to act separately – witness the 24 countries in the allied coalition.

His suggestion that there is something particularly special about the western European *contingent* is nearly as incredible as asking the Arab allies to form a common pact with the Arabs they are fighting.

The rest of his article makes big assertions based on *little* evidence.

For instance, the idea that Britain will fall out of line with the US after the war because "it is easier to start a war than to end it, easier to send forces to the Gulf than to bring them home" is without foundation.

Since Britain and France are the only two European countries to have attempted any of the above, it is not clear why they should fall out with the *US when the rest of Europe* has forfeited its right to a prominent role in the deliberations that will follow.

To say that the British government and most European governments recognise that the choices they make now will "set decisive precedents for Europe's future" is stating the obvious, to say the least.

The real question is exactly what European countries will decide for the future.

I would suggest that reconciling German pacifism with the need for proper European defence will not be an easy task.

Patrick Robertson,
The Bruges Group,
Suite 102,
Whitehall Court,
Westminster, SW1.

FINANCIAL TIMES

Monday March 4 1991

LATVIA AND ESTONIA REFERENDUMS

Baltic states vote on independence

By Leyla Boulton in Riga

VOTERS turned out in force yesterday in the Baltic republics of Latvia and Estonia for referendums to endorse parliamentary declarations of independence from the Soviet Union.

The ballots, in which 75 per cent of the electorate took part, are a crucial test of the strength of nationalist sentiment and will air the views of Russian speakers, who make up a significant share of the population of both republics.

Communist party propaganda has frightened many Russian speakers into believing that they will become second-class citizens in impoverished independent states.

Unlike Lithuania, which conducted a similar poll last month, Estonia and Latvia have opted for a step-by-step approach, declaring a transitional period for a full break with Moscow.

All three republics, however, are united in refusing to take part in a referendum throughout the Soviet Union on March 17 on whether the 15 Soviet republics wish to remain in the union. They say that to do so would be to backtrack on their independence declarations.

Mr Anatolijs Gorbunovs, president of the Latvian parliament, speaking as he arrived at his local polling station in the capital city of Riga, said: "There is no other way out but independence." The former Communist believes that only an independent Latvia can guarantee "peace and bread" for all its inhabitants, including non-Latvians who make up just under half the population.

A Latvian child casts his mother's vote in Riga during independence referendums yesterday

Mr Arnold Ruutel, the Estonian president, said the result would form a basis for further action by the republic's parliament. He said: "We need to know the feelings and the will of the people on this crucial issue."

Although President Mikhail Gorbachev has declared the polls invalid, the republics see them as an additional argument for convincing Moscow and the world that they should be allowed to restore their independence which was snuffed out by Stalin in 1940.

Most western countries have not recognised the Baltic states' annexation, but they are loath to grant them diplomatic recognition without a settlement with Moscow.

Mr Erik Siesby from Denmark, one of 65 foreign observers monitoring the Latvian poll, said: "We believe that it would be in the best interests of the Soviet Union to let these people manage their own affairs."

Russian speakers appeared divided on the value of the polls. "We are afraid for our children," said one as she went to vote against independence in Riga's Russian-dominated October district. Other Russians, however, associated independence with a flourishing market economy and guarantees of democracy.

Mr Vladimir Moiseev, an engineer, said: "This is our homeland and we want it to be free. We're more afraid of reactionary policies from the centre than we are of the Latvians."

Mr Gorbunovs said he still hoped for a change of heart from Moscow. "I believe that President Gorbachev has done a lot to develop democracy in the Soviet Union and that being a skilful politician he will....solve the Baltic problem."

Croatian troops ordered out of Serbian town

By Laura Silber in Pakrac, Yugoslavia

THE YUGOSLAV state presidency has ordered soldiers in Croatian commando units to withdraw today from the predominantly Serbian town of Pakrac in Croatia, following clashes at the weekend between Yugoslavia's two biggest ethnic groups.

Tanks, armoured personnel carriers and heavily armed police and military forces yesterday stood guard in Pakrac, which is about 80 miles east of Zagreb, the Croatian capital. Armed bands of Serbs used lorries to block traffic, checking identity papers of drivers entering the town.

The fragile peace between Serbs and Croats in Pakrac collapsed at the weekend when local police and Serbian reservists disarmed Croatian police units. The Serbian insurgents declared their loyalty to the self-proclaimed autonomous region of Krajina, a mostly Serbian region within the western republic of Croatia. Serbian leaders from Krajina threatened on Friday to secede from Croatia which has a 600,000-strong Serbian minority.

On Saturday morning, Croatia's government deployed about 200 paramilitary police in Pakrac. They arrested about 30 local police officials, while others fled to the nearby hills. They were reported yesterday to be sniping at the Croatian police force; three policemen were apparently wounded. Early reports of 11 deaths were officially discounted yesterday.

The state presidency, the country's highest state body, has ordered the Croatian special forces to withdraw simultaneously with federal army units. It said the withdrawal would reduce tension in the region.

The swift deployment of the special forces by Croatia's government may have circumvented Serbian leaders' plans to mobilise Croatia's Serbs to undermine the republic's centre-right leadership.

Busloads of Serbs arrived in towns near Pakrac and throughout Serbia yesterday for rallies protesting against Croatia's government, which the Serbian press calls "fascist and genocidal."

Memories of the 1941 civil war are fresh in Pakrac; one in every four of the town's population was said to have died in the fighting.

But the traditional rivalry between Roamn Catholic Croats and Orthodox Serbs has reached boiling point in the town, fast becoming another symbol of the widespread deadlock over Yugoslavia's future structure and political shape.

Communist-run Serbia insists Yugoslavia remains a federation of six republics, while Croatia calls for the federation to be transformed into a loose organisation of independent states.

Excess of good manners on the south coast

By Anthony Harris

This column is written in a state of culture shock. It came over me as I sat in Eastbourne, among the assembled brainpower of the investment managers of the British pension funds. They were listening, with the utmost politeness, to a mildly evangelical address in favour of wider share ownership.

Why did the fund managers, who spend their working lives trying to demonstrate the benefits of narrower share ownership, want to hear this? Did nobody want to devote the time to a technical paper – on hedges and derivatives, for example?

Why did nobody suggest that the recent period of corporate scandals and manic depressive markets was not exactly encouraging to the amateur shareholder? After some years of exposure to American conferences, which devote most of their time to baffling expertise and the rest to "boosterism", it was very puzzling.

A subsequent and much more amusing sermon came from the Bank of England. Pen Kent enlarged on the glories of the London capital markets, their expertise and their facilities for schmoozing (that wonderful, self-explanatory Yiddish word). This was at first sight more mainstream; but again, why?

In the US, it is now a staple of financial meetings to have an agonised session on the role of the markets, on short-termism and on the better economic performance of countries with "worse" markets. So the British meeting seemed short both of self-assertion and self-doubt.

Ah, you are no doubt saying, this man has forgotten that the British never like to take themselves too seriously in public and, in any case, the real business of these meetings is done in the corridors. Well, there was certainly expertise on display in the corridors. There were enough experts on the footnotes to the Polly Peck balance sheet to form the board of that mythical body, the Hindsight Trust; the losses, it must be assumed, all fell on the wider share owners.

There were also plenty of pros and cons on offer about the likelihood that the Midland Bank will cut its dividend this week as the managers steeled themselves for a world of real downside risk; but here I must apologise for the easy jibes. An encouraging number of managers felt that such a world would be healthier than one which tried to protect pensioners and unit-holders from corporate reality.

There was even some applause for the surprisingly robust proposal from Mr Nicholas Brady, the US Treasury Secretary, that banks with inadequate capital should be forbidden by law from paying any dividends at all. One could ask only to have such blunt thought spoken publicly.

Indeed, the core business of the conference, a discussion of corporate governance, was very much to the point and showed an encouraging willingness to offend the established view of the CBI in calling for two-tier boards. It would be even more encouraging to believe that anything will happen as a result, but experience is against it.

The British institutions have been talking for as long as I can remember about their responsibilities as shareholders; but action has been hard to detect. Some managers at Eastbourne claimed that they had used some very hard words in private confrontations about the performance of some British banks and other corporate boards in relation to their pay.

Where, though, is the British board which has been pushed into cutting its own pay – let alone cutting its pay without waiting to be pushed, as some Japanese boards have done? This example comes from Robert Heller, he of the management books, who devoted an after-dinner speech to the case for sacking chief executives who don't deliver, rather than simply cutting their pay. A pity he didn't deliver his message when the audience was hungry.

Seriously, it is surely quite unrealistic to dream of a race of militant fund managers filling the power vacuum in Anglo-American corporations. The whole structure of ownership is against it. Pension funds and unit trusts are bound by their duties to spread their risks in a portfolio of small holdings in big companies. They therefore lack the sanctions to control management.

Where performance is inadequate, the smaller funds will continue to vote with their feet – which can actually be quite effective, since it makes boards feel insecure. That, perhaps, is the real economic case for wider share ownership. The biggest funds regard themselves as locked in. They do try hard to influence managements, but in truth few can even make a case for a seat on the board and virtually none can crack the whip.

Despite all the conferences, we are likely to remain in a world where the takeover bid is the only effective sanction, as its bigger practitioners have always argued. The trouble is that, as study after study has shown, bids do as much harm as good.

The alarming thing is not that these problems are not tackled effectively at conferences of institutional investors, but that they are not addressed at all at political gatherings. The whole English-speaking world is at present struggling with a recession generated almost entirely in the financial markets, but apart from US proposals on banking, none seem to have any ideas for radical reform.

So far as corporate governance is concerned, European proposals are denounced as crypto-socialism. More modest ones, such as the once-fashionable idea of placing strict legal limits on managers' contracts of service, have fallen out of fashion. Only the glacially slow changes which may follow from the growth of employee share ownership, and from debt-equity swaps which will give banks an incentive to get involved with managements on German lines, hold even a distant promise of real change.

When it comes to the financial markets themselves, "reform" seems simply to mean getting a better-run casino rather than a better-run economy. The idea that a casino may not be the best way to secure competitive corporate performance is never raised. This column will remain un-British and will not be so inhibited.

Major to press ahead with state sell-offs

By Philip Stephens, Political Editor, in London

MR JOHN MAJOR, the British prime minister, is preparing to put privatisation of the remaining nationalised industries and a renewed drive to extend "contracting out" of public services at the centre of his general election manifesto.

Mr Major has indicated that his commitment to preserve and strengthen the welfare state will not discourage the government from selling the coal industry, British Rail and the Post Office.

Ministers believe that substantial parts of British Rail could be sold during the lifetime of the next parliament, even if the loss-making commuter services in the south-east have to remain in public ownership for longer. Plans for the break-up of the coal industry before privatisation are said to be well advanced. There is also strong support among Conservative MPs for the sale of the Post Office, although the privatisation might be confined initially to the parcels and counter services.

Close colleagues say that Mr Major is determined to push ahead with the transfer to the private sector of many services now provided directly by local authorities and by central government. That foreshadows an extension of compulsory competitive tendering by local authorities and further transfers of civil servants to the control of independent agencies.

The recent focus of public attention on Mr Major's commitment to improve the state health and education systems has tended to obscure his view that there is still considerable scope to "shrink" the public sector. He suggested at the weekend that local authorities should extend contracting out from services like refuse collection to "white-collar" tasks such as conveyancing, planning and computing services.

Mr Chris Patten, the Conservative party chairman, sought meanwhile to damp speculation about a June election. In an attempt to prevent the government from becoming "boxed in", he insisted at the weekend that it would keep open the option of staying on until mid-1992.

Senior ministers readily admit, however, that they have stepped up preparations for an early poll if Mr Major's current strong standing is confirmed in local elections due to take place on May 2.

In an interview with a Sunday newspaper, Mr Neil Kinnock, the Labour opposition leader, predicted that the government would call a June election because of a "miscalculation" that voters could be persuaded that the economy had been turned round.

The groups of ministers and Tory MPs which were set up at the end of last year to provide the raw material for the manifesto will report later this week. Among the likely subjects for inclusion are acceleration of the switch to grant-maintained schools, incentives to encourage saving and measures to ease poverty traps.

Mr Patten hopes to have completed a draft of the manifesto by the end of this month. By then he will have also have chosen the advertising agency which will handle the Conservative campaign.

The Labour party's election campaign committee is likely to decide at a meeting today to intensify its efforts to pin the blame for the current economic recession on Mr Major personally as well as on the government as a whole.

Shape of the Tory party to come, Page 12

Zia to be named Bangladesh prime minister

By David Housego in Dhaka

MRS Khaleda Zia, leader of the Bangladesh Nationalist Party (BNP) which emerged as the single largest party in the general election last week, is to be named as prime minister within a week.

This was confirmed in an interview with Mrs Zia after a meeting with Mr Shahabuddin Ahmed, acting president, which removed uncertainties over the transfer of power to an elected government.

Mrs Zia, who is the widow of the assassinated former ruler of Bangladesh, General Ziaur Rahman, said she would provide the president with her list of cabinet members this week.

It also emerged at the weekend that the conservative BNP had come to an understanding with the right-wing Jamaat-i-Islami party, ensuring the BNP a small absolute majority in the new parliament. The BNP will be able to choose all but two of the 30 MPs (all in seats reserved for women) who remain to be selected, and this will give the party at least 168 seats in a house of 330.

Prime minister designate: Nationalist party leader Khaleda Zia

Under the arrangements agreed with Mr Ahmed, a former chief justice, parliament will meet on April 5.

Mrs Zia said she favoured a presidential system of government. If her party backs her on this, she would remain premier only until a presidential election is held – perhaps in May.

In an address on Friday, Mr Ahmed had raised doubts over whether a rapid transfer of power to the BNP was possible. He then said no single party had an absolute majority.

Under the new arrangements, however, Mrs Zia and her colleagues will take responsibility for ministries under a government led by Mr Ahmed, who remains in office either until a presidential election has been held or the constitution been amended to provide for a return to parliamentary government. The constitution gives little power to a prime minister, who is meant to act only as presidential agent in parliament.

Mrs Zia and her colleagues were anxious to be involved in the administration as soon as possible – mainly so that they could take part in preparation for the budget, due in June. It will be preceded by a key meeting with western donor countries. If Mrs Zia stands for the presidency, she is likely to seek to revise the constitution so as to strengthen the powers of parliament and the prime minister.

Nigerian debt agreement

Continued from Page 1

lated since last March, when Nigeria unilaterally reduced interest rates on the debt to 3 per cent.

Both the arrears and the buy-back will be financed from Nigeria's reserves, which at the end of last November stood at \$3.2bn.

The price of Nigeria's commercial bank debt on the secondary market has risen recently in anticipation of a successful outcome to the London talks. It reached 39.5 cents to the dollar by the end of last week. A year ago the debt was fetching 25 cents to \$1.

Anti-Saddam protests reported in southern Iraq

Continued from Page 1

and he told me maybe it was just because the war is finished. So I asked others and they told us that Saddam Hussein has escaped to Algeria. They are happy and want Mohammed Bakr."

The picture that is emerging is confused – one soldier outside Basra told us that Mr Saddam and the Ba'ath party were still in power in Basra – but the predominantly Shia Iraqis from the south have obviously turned against the central government following the defeat of the army in Kuwait and the collapse of the authorities in the south.

One Egyptian said that Ba'ath party activists were either being killed or had gone into hiding, and that there was a separatist movement in Basra. Some Iraqis are said to be grateful to the allies for having precipitated a revolt against the Iraqi regime, but others are bitter about the slaughter of Iraqi soldiers on the battlefield.

The land between Basra and the Kuwaiti border is now a wasteland. Soldiers without guns are heading north and refugees, mostly non-Iraqi Arabs, are straggling southwards.

Burnt-out tanks and trucks line the road, but a few army vehicles are limping north, under tow or with their engines misfiring.

Women yesterday were scooping water from filthy puddles by the roadside. In the central reservation, a dog was eating a dead horse.

Fires could be seen in the distance and the petrochemical plants along the road were lying idle. A journalist said he had seen people with green headbands who described themselves as the Iraqi resistance heading towards Basra. Green is a colour traditionally associated with Islam.

There is now no doubt that the Iraqis seized Kuwaiti and other Arab civilians and took them to prison in Iraq. Mr Nasser, who described the conditions in al-Haritha jail as unfit for animals, was allowed to see his family about once a week for half an hour or an hour.

American soldiers showed us Iraqi propaganda leaflets designed to convince allied soldiers that the Iraqi army was fearsomely powerful and that the war would last a long time. One was a cartoon showing an American cargo plane and rows of coffins.

Most of the dead in this war turned out to be Iraqis. Iraq's military defeat is absolute, but it seems that the political reverberations of Mr Saddam's folly are only now beginning to be felt.

WORLDWIDE WEATHER

		°C	°F
Ajaccio	S	15	59
Algiers	S	18	64
Amsterdam	F	9	48
Athens	F	14	57
Bahrain	-	-	-
Bangkok	F	34	93
Barcelona	F	14	57
Beirut	-	-	-
Belfast	C	5	41
Belgrade	C	3	37
Berlin	C	7	45
Biarritz	F	15	59
Bombay	S	30	86
Bordeaux	S	14	57
Boulogne	C	9	48
Brussels	F	10	50
Budapest	C	3	37
Buenos Aires	F	29	84
Cairo	S	22	72
Cape Town	R	18	64
Caracas	F	34	93
Casablanca	S	19	66
Chicago	C	-6	21
Cologne	F	11	52
Copenhagen	R	1	34
Corfu	S	17	63
Dallas	C	2	36
Dublin	S	7	45
Dubrovnik	F	15	59
Edinburgh	C	7	45
Faro	-	-	-
Florence	S	17	63
Frankfurt	C	6	43
Geneva	F	10	50
Gibraltar	S	17	63
Glasgow	C	6	43
Helsinki	C	-2	28
Hong Kong	Dr	17	63
Innsbruck	F	12	54
Inverness	F	7	45
Islamabad	C	16	61
Istanbul	F	7	45
Jakarta	C	31	88
Jersey	S	10	50
Johannesburg	F	26	79
Lima	C	25	77
Lisbon	-	-	-
London	F	11	52
Los Angeles	S	11	52
Luxembourg	S	8	46
Madeira	-	-	-
Madrid	S	13	55
Majorca	F	18	61
Malaga	S	17	63
Malta	S	17	63
Manchester	C	7	45
Manila	F	33	91
Melbourne	-	-	-
Mexico City	-	-	-
Miami	S	24	75
Milan	S	12	54
Montreal	C	-3	27
Moscow	C	-3	27
Munich	C	8	46
Nairobi	S	29	84
Naples	S	18	64
Nassau	C	30	86
New Delhi	-	-	-
New York	F	10	50
Nice	S	16	61
Nicosia	F	18	64
Oporto	-	-	-
Oslo	Sn	0	32
Paris	F	7	45
Peking	S	3	37
Prague	C	5	41
Reykjavik	C	4	39
Rhodes	F	17	63
Rio de Janeiro	C	38	100
Rome	S	16	61
Salzburg	R	7	45
San Francisco	R	12	54
Seoul	S	8	46
Singapore	F	32	90
Stockholm	Sn	0	32
Strasbourg	C	12	54
Sydney	S	23	73
Taipei	-	-	-
Tangier	S	18	64
Tel Aviv	S	17	63
Tenerife	F	18	64
Tokyo	S	16	59
Toronto	R	-4	25
Tunis	C	16	61
Valencia	F	16	61
Venice	S	10	50
Vienna	R	3	37
Warsaw	S	3	37
Washington	F	-2	28
Zurich	C	6	46

Temperatures at midday yesterday C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sunny Sl-Sleet Sn-Snow T-Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
Monday March 4 1991

INSIDE

Iveco to cut 3,000 jobs amid downturn

Iveco, the trucks subsidiary of Italy's Fiat automotive and industrial group, is to cut 3,000 jobs. The cuts are part of a reorganisation which will include a L4,000bn ($3.48bn) three-year investment plan. Chief executive Giancarlo Boschetti said the move was a key part of Iveco's "total restructuring" to face the downturn in European truck demand. Haig Simonian reports. **Page 17**

BSkyB loan plans on track

British Sky Broadcasting, the satellite television venture, is proceeding with plans to raise a large project loan from international banks, despite delays in presenting a business plan. Frank Barlow (left), chairman of BSB Holdings which owns the 52 per cent of BSkyB dismissed suggestions that a rights issue would be needed to raise funds. Stephen Fidler reports. **Page 16**

Summer poll sparks gilt fears

Investors took profits in gilts last week, and longer-dated issues dropped a full point. The possibility of a summer election led to fears of an over-rapid revival of *consumer spending*, on the back of repeated cuts in base rates. **Page 18**

Mortgage investors tread warily

More than 40,000 houses were repossessed because of mortgage default in the UK last year, three times the 1989 level. Partly as a *result, margins on mortgage-backed securities* have risen and investors are treating the market with some caution. **Page 19**

Midland expected to cut dividend

By David Lascelles in London

MIDLAND BANK is expected to announce a cut in its dividend tomorrow, the first time a UK clearing bank has taken such a step in the post-war period.

The final decision will be taken *tomorrow morning by a standing* committee of the bank's directors. But the bank's full board is believed to have already agreed to recommend the cut. The reduction will accompany news of Midland's 1990 results, which analysts expect to show a loss of up to £100m. This would be Midland's second consecutive large loss. In 1989, it lost £261m. But while the earlier result was due to heavy provisions on Third World debt, the latest losses stem mainly from the mounting tide of bad debts on the recession-hit UK *market*.

The other clearing banks, reporting over the last 10 days, have already announced bad debts totalling almost £3bn. Midland's dividend cut, fears of which drove its share price down *to a record low last month*, will highlight the severe predicament of the UK's third-largest clearing bank. It will also put pressure on Sir Kit McMahon, the executive *chairman – who arrived from* the Bank of England five years ago – to turn Midland round.

Midland's performance has been much weaker than the other clearers for several reasons. Apart from being burdened by a heavier cost structure, it has a weaker cushion of reserves against loan losses, and its treasury book is still suffering from *an ill-judged bet on interest rates* in 1989.

There has been considerable speculation that Midland will be forced into some kind of restruct*uring following the collapse* at the end of last year of a merger with the Hongkong Bank. Speculation has focused on the possibility that it will try to sell parts of the group, including Midland Montagu, its investment banking arm which includes the Samuel Montagu merchant bank.

A spokesman said yesterday that the bank would not com*ment on rumours*.

Although a dividend cut by a clearer would be a dramatic event in UK banking history, it is far from unknown in other coun*tries. Two large German banks*, Dresdner and Commerz, cut their dividends in the 1980s, as did large banks in the Netherlands and the US. The most recent example was Citicorp which announced a 44 per cent cut in the 1990 pay-out.

Midland's cut will also sharpen speculation that a similar fate awaits shareholders of Standard *Chartered which is expected to* report a poor set of results in two weeks.

Shareholders stand up and are heard

The 1991 proxy season in the US is breaking new ground, reports **Martin Dickson**

The battle plans are laid and the allies are being whipped into line. Across America a flurry of last-minute negotiations is taking place in an effort to avert hostilities.

This has nothing to do with the Middle East, but rather the impending start of the "proxy season". This is when companies hold *their* annual meetings and shareholders can express dissatisfaction with management behaviour through voting contests, *known as proxy fights*.

Until a few years ago, US annual meetings were tame affairs, with institutional investors meekly voting through management resolutions. But the late 1980s saw the emergence of a group of institutions – overwhelmingly large public pension funds – prepared to take on management in the name of better "corporate governance". In other words, making boards of directors more accountable to shareholders.

The movement is still gathering momentum, a fact underlined by the 1991 proxy season, which is breaking new ground on issues *such as executive pay and the* composition of American boards.

However, the most obviously dramatic proxy battles over the *next couple of months will not be* those driven by institutional initiatives but rather by rival companies or corporate raiders.

The much greater difficulty of launching a hostile takeover bid in the US – either because of legal or financial constraints – means that predators are turning increasingly to proxy fights as an alternative way of putting pres*sure on an incumbent board*.

Thus, American Telephone and Telegraph, which is making a $6bn bid for computer manufacturer NCR, *is seeking to replace* members of its board.

Meanwhile, Mr Harold Simmons, the Dallas-based investor who owns almost 20 per cent of Lockheed, is engaged in a proxy fight to get seats on its board.

ITT's Rand Araskog (left) and W.R. Grace's Peter Grace: giving outside directors a stronger voice

By contrast, the proxy initiatives taken by the institutions are not concerned with issues of immediate control at particular *groups (partly because to do so* could create severe legal problems). Instead, the institutions concentrate on the framework *within which companies are run* – particularly poorly-performing businesses.

Part of the original impetus behind the corporate governance movement was the use of "poison pills" and other defensive measures not approved by shareholders to ward off bids during the takeover boom of the 1980s. Many of this year's resolutions are designed to counter this trend.

For example, there are proxies demanding that companies redeem poison pills, or submit them to a shareholder vote; that companies repeal classified boards – where directors' terms of office are staggered, so a rival slate cannot take control in a single year.

A new twist is that several companies – Caterpillar, the construction equipment manufacturer, Dun & Bradstreet, the financial information group, and the US pharmaceuticals company, Pfizer – also face demands that they put to a shareholder vote the issuing of "blank cheque preferred stock". *This is stock in* which the company sets voting rights and dividend levels without reference to shareholders. It was often used in the 1980s as a protection against hostile bids.

But possibly of greater long-term significance is a raft of proposals concerning the composition of corporate boards and their sub-committees.

Institutional shareholders are increasingly concerned about rising levels of executive pay, particularly at companies which have produced poor returns for investors. However, they cannot tackle this issue in a proxy contest, for the Securities and Exchange Commission regards remuneration as an "ordinary business operation" which cannot be raised at annual meetings. Nevertheless, the California Public Employees Retirement System (Calpers), the most active of the big public pension funds, has found a way of raising the subject in general terms: this year it proposed that independent directors form *a majority on the* boardroom compensation committees at two targeted companies – ITT and W.R. Grace; it proposed that the directors get independent, outside advice advice on remuneration levels.

Calpers said it chose ITT and W.R. Grace because they had among the worst ratios between executive pay and return to investors of all the fund's investments. But the issue will not come to a fight because both companies have agreed to adopt *the policy, allowing Calpers to* withdraw its resolution.

Pay questions apart, the institutions are increasingly focusing on the composition of boards as the key to better corporate governance. And this involves ensuring a good balance between executive and non-executive directors.

Many of the largest US companies now have a majority of independents. This practice is supported by the Business Roundtable, a policy group representing the leaders of corporate America. However, it has yet to filter down to many medium-sized businesses.

Calpers won a symbolic victory last month when General Motors agreed *to adopt* a by-law calling for a majority of GM directors to be independents, although, in fact, they already were.

The New York State Common Retirement Fund is also pressing this issue in proxy contests. It has resolutions before several meetings calling for the establishment of nominating committees, composed of independent directors, to recommend candidates *for* election to the board.

Another new Calpers initiative involves setting up committees of large shareholders at poorly-performing companies to give advice to managers. Sears, Roebuck, the ailing retailer, has just agreed to one, again allowing Calpers to withdraw its proxy proposal.

Mr Howard Sherman, vice-president of the influential proxy *advisory group, Institutional* Shareholder Services, said recently that the Calpers/Sears agreement was just one of numerous compromises worked out in recent months between investors and boards so that proxy proposals need not be put to the vote. Mr Sherman called this "one of the most positive developments in corporate governance".

As the proxy season will demonstrate, peace is not yet breaking out everywhere. But there seems an increasing awareness that since institutions now account for more than 40 per cent of US equities, and may command 50-60 per cent by *2000*, both sides have powerful reasons to co-operate.

Top French commodity trader wins FFr980m injection

By William Dawkins in Paris

SUCRES et Denrées, the leading French commodity trader, has raised FFr980m ($188m) in loans and fresh equity from a consortium of leading French banks to cover heavy losses and to develop its industrial activities.

The losses are confined to a group subsidiary, Merkuria Sucden, among the world's biggest traders in cocoa, coffee and rice, which is today due to announce the issue of FFr480m of new capital. At the same time, the parent group, which also owns the world's largest sugar trader, has obtained a medium-term loan of FFr500m from its main bankers.

This puts an end to weeks of speculation over the group, well known for its large and risky commodity deals. These included purchases of 400,000 tonnes of cocoa from the Ivory Coast three years ago, which triggered a costly battle with rival traders Philipp Brothers, and an agreement to buy 10 per cent of Iran's oil output in 1989. It is understood that without the fresh cash, the group would have had to close the trading businesses concerned, possibly unsettling their markets.

The group has made manage*ment changes, will embark on* fewer big trades and will put more emphasis on less risky downstream activities. Chairman Serge Varsano, who was responsible for building Sucres et Denrées' dominance in the world sugar market, is to step back from trading and direct commercial strategy. Mr Varsano – son of the company's founder – and his family control the group.

Mr Jean-Jacques Alphandery, the manager in whose division the losses were made and one of the group's top traders, left by mutual agreement two weeks ago. It is believed that the unit also made losses on the price swings in the oil markets since the start of the Gulf crisis.

Merkuria Sucden lost FFr480m last year, bringing the Sucres et Denrées group's *overall* deficit to FFr360m. In the previous year, Sucres et Denrées made a FFr256m net profit on sales of FFr53.9bn, up from FFr70m on turnover of FFr32.8bn in 1988.

Its two main industrial businesses are Vital Sogeviandes, France's largest private meat processor and trader, with sales of FFr4bn in 1989 and Barry, the *world's largest processor of* cocoa beans, with a turnover of FFr3.4bn in the same year. It is thought that the banks would *have been less keen to back the* group without the earnings of its industrial diversifications.

Economics Notebook

A dark side to the silver lining of base rate drop

THE BRITISH economy continues to throw off conflicting signals on pay.

Last week's Confederation of British Industry survey showed a drop in manufacturing pay settlements to an average of 8.3 per cent in the first quarter from 9 per cent the quarter before. This helped to persuade the Bank of England it was safe to cut base rates by half a percentage point for the second time in a month.

But elsewhere, evidence of a slowdown in wage inflation is less clear cut. Warburg Securities estimated a few days later that *wage settlements* announced last month would average 10.2 per cent, largely due to big increases in public sector and armed forces pay.

Income Data Services, in a report published today, says that two-thirds of the pay deals concluded so far this year have given increases of 9 per cent or more. IDS says there is a growing diversity in settlement levels – with some increases of about 5 to 7 per cent in recession-hit sectors such as road haulage and engineering. But it also notes that in cases where pay pauses have been agreed, both management and unions are stressing the tempo*rary nature of their problems*, suggesting that there are hopes of "an early return to normal".

Normal in this case would mean levels of earnings inflation which are too high to be compatible *with British* membership of the exchange rate mechanism of the European Monetary System.

In the latest issue of the Oxford Review of Economic Policy, Mr Ken Mayhew, former *economic director* of the National Economic Development Office, points out how Britain's pay and inflation problem persists despite a decade of profound change on the UK labour market.

The changes included: more *decentralised wage bargaining*; falling trade union membership; a more flexible labour market structure – with a greater proportion of part-time workers, for example; and government policies to make the labour market more responsive to the needs of individual employers.

Another significant trend, discussed in the review by Mr Peter Ingram of Surrey University, has been the way employees have gained power in the pay bargaining process while trade unions have lost clout. Mr Ingram believes that companies have been awarding wage *increases* according to their ability to pay and that this tendency will intensify.

Such a trend doubtless helped *to produce high wage* increases while profits grew strongly. Will it moderate wage increases now that Britain is in recession and *subject to the* disciplines of the ERM? The sharp rise in UK unemployment since last autumn, combined with the so far sluggish downwards response of wage agreements, offers little *encouragement*.

Last week the National Institute of Economic and Social Research proposed creating a special European inflation index. This would enable those responsible for setting prices and wages to be better informed about conditions among Britain's competitors in the ERM. If UK negotiators had an index *that* summarised price trends in, say, Germany, France and Italy, they would be aware of the risks of wage increases out of line with those elsewhere in the EC.

Such an idea – even it were to be adopted quickly – *could* not stop further sharp increases in unemployment this year. The independent *forecasts monitored* each month by the UK Treasury have shown steadily rising expectations of the number of *unemployed at the end of this* year. The latest consensus figure is for a jobless total of 2.31m in the fourth quarter against January's seasonally adjusted 1.9m.

But the sharp fall expected in UK inflation later in 1991 could give the National Institute's European inflation index a fair chance of acceptance.

Recent CBI surveys show that the cost of living has been the main preoccupation of wage bargainers.

The 26 forecasts monitored by the Treasury suggest that the annual inflation rate, as measured by the retail prices *index, could* be down to 4.6 per cent by the fourth quarter of this year. Mr David Kern, chief economist of National Westminster Bank, believes inflation could touch a low of about 4.2 per cent in September and October.

By that time, the National Institute estimates that its proposed moving average of European inflation would be registering 3.7 per cent.

If these projections are realised, the likely levels of European and UK inflation in the autumn would appear sufficiently close to allow British pay bargainers to shift to an EC level of wage settlements. With the government apparently determined to hold sterling at a DM2.95 central rate in the ERM, the alternative would be a UK unemployment rate that is higher than the EC average, rather than lower as at present.

Peter Norman

Phillips & Drew hit by £14m loss on Polly Peck

By David Lascelles, Banking Editor

UBS Phillips & Drew, the London-based investment banking arm of the Union Bank of Switzerland, wrote a call on 8m Polly Peck shares shortly before the company collapsed last summer.

The resulting loss of £14m ($26.4m) was one reason why Phillips & Drew failed to make a profit last year, said Mr Rudi Muller, its chairman. UBS also had a £7m bank loan out to Polly Peck, giving it a total exposure to the company of £21m. The loan has been heavily written down.

The call, a frequently-used hedging device in the equity market, obliged Phillips & Drew to buy the shares from a client at £2 each. It was written with Mr Muller's personal *approval when the shares were* trading at about £3. As Polly Peck's position worsened and the shares plunged, the client exercised the right. *But the col*lapse occurred so quickly that UBS was only able to sell on 1m of the shares before they were suspended.

Mr Muller gave two other reasons for Phillips & Drew's overall loss. One was the cancellation of the planned $850m international placement by Banco Español de Credito *(Banesto), the Spanish banking* and industrial conglomerate, after the outbreak of the Gulf War last summer. The Spanish deal would have been Phillips & Drew's largest and had involved substantial staff costs. The second was the UK's sudden entry into the EMS last October which caught the bank's treasury book "on the wrong side", Mr *Muller* said.

Mr Muller declined to specify the London operation's overall loss, but he indicated that it was small and an improvement on the year before. "We were practically at break-even," he said. "But this was below budget. We expected to do better than that. Without these three things we would have had a super year."

The result was a disappointment for UBS which has been working hard to restore its London operation since it suffered severe losses after deregulation of the City in the 1980s. The loss contributed to the 13 per cent fall in 1990 earnings which the Zurich-based bank announced last Friday.

But Mr Muller stressed that the underlying performance of the group was now much more encouraging. "We believe these *figures prove we're on the* right track. I am not expecting to receive ultimatums from Zurich."

Last Friday. Mr Muller was appointed to UBS's restructured group management board in a move intended to display the bank's commitment to its London entity. Phillips & Drew is one of London's largest investment banking businesses with a presence in the equities and gilts markets, as well as merchant banking and fund *management*.

Among its recent achievements have been the sole mandate for the £572m Tesco rights issue and its appointment as adviser to Premier Oil.

Mr Muller said the bank's *commercial and investment* banking operations in London were now much more closely integrated, and the investment side was benefiting from UBS's Triple A credit rating.

Polly Peck administrators frustrated, Page 16

COMPANIES AND FINANCE

BSkyB proceeds with loan plans

By Stephen Fidler, Euromarkets Correspondent

BRITISH SKY Broadcasting, the satellite television venture, is proceeding with plans to raise a large project loan from international banks. This is despite delays in presenting the banks with a business plan which have held up the raising of the money.

BSkyB, formed last November from a merger between Mr Rupert Murdoch's Sky Television and British Satellite Broadcasting (BSB), is in negotiations with Barclays Bank about arranging the credit.

The loan, required to finance the venture until it breaks even in cash terms, is to replace a financing of more than £300m for BSB, arranged by Barclays, National Westminster Bank and Industrial Bank of Japan. It required renegotiation after it went into technical default because of the merger.

Mr Frank Barlow, chairman of BSB Holdings which owns the 52 per cent of BSkyB not held by Mr Murdoch, said the company was proceeding with plans to raise a project loan. He expected an offer of a loan from the banks to follow the current negotiations. Mr Barlow, who is managing director and chief operating officer of Pearson, the group which owns the Financial Times, said the amount had not been decided upon. Bankers have been expecting the venture to borrow between £300m and £400m.

He said that the delays were not critical. "The executive of BSkyB doesn't anticipate any problem in the financing of the company," he said. He dismissed suggestions that a rights issue would be needed to raise funds as speculation.

Frank Barlow: does not expect problems

The original financing carried guarantees from BSB's main corporate shareholders, including Pearson, Reed International and Granada. The new financing is also likely to require guarantees. The resignation in November of Mr Ian Clubb, newly-appointed deputy managing director of BSkyB and BSB's finance director, has apparently contributed to the delays in presenting a business plan to banks.

Project finance is a complex business and such credits are not often raised quickly. Bankers said prospects for the credit had not been helped by a deterioration over the last year in banks' appetite for corporate lending and by the heavy debts of some of its shareholders, including Mr Murdoch's News Corporation and the Granada Group.

Berisford sells two finance offshoots

By Richard Lapper

BERISFORD International, the food processing, commodities and property group, has sold its financial services subsidiaries, the Preston-based Berisford Consumer Finance (Western), in which it had an 85 per cent stake, and the wholly-owned Shoreham-based Berisford Consumer Finance (Southern).

The two companies offer hire purchase and leasing facilities to individuals, mainly for the purchase of cars. Purchaser is Forthright Finance, a subsidiary of Bank of Wales.

Consideration is nominal but Forthright will repay £12.9m in Berisford inter-company borrowings, so reducing Berisford's indebtedness to under £150m.

In the year to September 30 1990 Western made a pre-tax profit of £7,517. Net assets were £543,078 and gross assets £9.4m.

In its initial 18 month trading period to September 30 1990 Southern incurred a pre-tax loss of £1.05m. Net liabilities were the same amount and gross assets stood at £7m.

Berisford has now virtually completed its withdrawal from the financial services sector. The group sold its Berisford Leasing subsidiary for about £140m (including block discounted loans) in October and a third consumer finance company, BCF Eastern for £17m in January. Berisford Factors has also been sold - for around £4m - in the last three months.

It retains an interest in two small vehicle hire companies, County Contract Hire and Euro Trailer Rentals, as well as a small Lloyd's insurance broker, Berisford Mocatta, and a bank, Craneheath Securities.

PPI administrators again frustrated

By John Murray Brown in Istanbul

ADMINISTRATORS appointed to Polly Peck International, the UK based fruit, electronics group, have again been frustrated in their attempt to see the books of the company's Cyprus subsidiaries.

Friday's decision by a Nicosia district court upheld the injunction preventing Mr Richard Stone, Mr Michael Jordan, and Mr Christopher Morris from entering the premises of Sunzest Trading, a citrus exporting company, pending an appeal to the supreme court.

The Turkish and North Cyprus businesses which are owned by PPI through Voyager, an intermediate company in the Isle of an, have been significant contributors to Polly Peck's reported profits.

The administrators have said they only want to obtain a complete picture of the group, and still hope to present a plan for restructuring PPI by May 25.

A separate injunction to be heard in Famagusta on Wednesday prevents the administrators from gaining access to Unipac Packaging Industries, PPI's cardboard box manufacturer in Famagusta free port which owns Sunzest.

Another court order, reviewed tomorrow seeks to prevent the administrators removing Unipac's directors, Mr Fahri Tunalier and Mr Mentes Aziz.

The rash of legal actions follows earlier moves by the administrators to remove Mr Tunalier and Mr Aziz from the Voyager board in that way gaining access to the Cyprus companies.

Mr Aziz is the personal lawyer of Mr Asil Nadir, the PPI chairman, and was briefly arrested with Mr Nadir at Heathrow ten days before Christmas. He is now acting counsel for the plaintiff companies.

No date has been set for the supreme court hearing. But according to lawyers it now may be "6 or 8 weeks or even longer" for the injunction ot be reviewed again.

The administrators earlier announced tentative plans to merge Sunzest and Meyna, the Turkish fruit businesss, before floating them on the Istanbul stock exchange.

In Istanbul last week, Mr Stone had talks with Vestel, PPI's electronic subsidiary which is widely considered the strongest of the PPI companies. Mr Tahsin Karan, its chairman, said he was assured Vestel would remain part of the core group.

CROSS-BORDER M&A DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
Sankyo Seiko (Japan)	DAKS Simpson (UK)	Fashion retailing	£65m	Another posh Japanese buy
Fuchs Group (Germany)	Century Oils Group (UK)	Oils	£35m	Fuchs' first hostile bid
Elf Aquitaine (France)	Norco (Norway)	Oil production	£168m	Needs Oslo government ok
International syndicate	Linter businesses (Australia)	Textiles	£96m	Merrill Lynch leads MBO
Molson (Canada)	DuBois Chemicals (US)	Chemicals	£128m	Strengthens Molson's Diversey Corp
Asko (Germany)/Klaus Jacobs (Switzerland)	Adia (Switzerland)	Business services	£277m	Revised Omni debt reduction sale
Stanley Works (US)/ Fabryka Narzedzi Kuznia (Poland)	Stanley Tools Poland (joint venture)	Hand Tools	n/a	Stanley's East Europe debut
Ahold (Holland)	Tops Markets (US)	Food retailing	n/a	Further US expansion
Asea Brown Boveri (Sweden/Switzerland)	Fuso Power & Heat (Japan)	Painting equipment	£11.6m	Friendly buy via local arm
Estonia Venture (Switzerland)	Merlin International Properties (UK)	Property development	£2.9m	Alternative to receivership

Source: FT Mergers & Acquisitions International

MMI set for full listing

By Michiyo Nakamoto

MMI, the financial marketing company, is graduating to a full listing this week, just seven months after it joined the USM.

It is also making a one-for-five scrip issue of 1.7m new warrants that gives shareholders the right to subscribe for ordinary shares of 1p at 30p each between 1992 and 2000.

This will be the first commercial issue of warrants to have its time value protected in the event of a takeover bid being made below the subscription price.

Last month MMI reported pre-tax profits for 1990 up 5 per to £316,845 (£300,604). An emphasis on high margin business resulted in a fall in turnover to £1.45m (£2.21m).

● GW Thornton, the precision forgings and hand tool manufacturer, is preparing to transfer from the USM to the main market.

Despite a fall in aerospace orders, profits were ahead of schedule as demand from the orthopaedic market remained firm, it said at its annual meeting yesterday.

Trencherwood £6m in red and omits final

By Clare Pearson

TRENCHERWOOD, USM-quoted housebuilder and commercial property developer, has fallen into a £6m loss, before tax and exceptional items, during the year to end-October 1990, and will not be paying a final dividend.

Also, exceptional provisions for the fall in property values would be substantially higher than the £4m taken at the previous year-end, but their exact level was still being assessed.

Mr Brian Eighteen, managing director, said the preliminary results announcement, usually made around this time of year, was being delayed until the results of an independent valuation were known.

He said the company had announced the loss because it was concerned at the way its share price had risen along with the stock market recently. On Friday it fell back 8p to 82p.

The £6m loss compares with a profit before exceptionals of £12.7m in the year to end-October 1989. Turnover for 1990 had fallen to £38.3m (£63m).

The provisions would reflect the fall in value of commercial properties and a further provision in relation to the residential landbank.

Trencherwood's developments are about evenly divided between housing and commercial space.

The company's heartland is the M4 corridor.

Gartmore Value Investments

Gartmore Value Investments had a net asset value of 22.4p per 10p share at January 31 1991.

Net revenue for the nine months was £1.19m against £1.98m for the previous 51 weeks.

The directors have declared a third interim dividend of 0.9p, making 2.7p so far. They expect a final payment of 1.5p.

37% decline at Alan Cooper

Alan Cooper Holdings, the office furniture maker, has seen its pre-tax profit fall by 37 per cent in 1990, although turnover declined only 3.5 per cent.

Mr James Blyth Currie, chairman, said erosion in net margins was mainly the result of a shortfall in demand for the wood veneer products made at Todmorden and the full impact of running that factory and the new one at Altham.

It was estimated that by the end of the year overall demand in the UK office furniture market was running at nearly 25 per cent below the peak levels reached in 1989, and a further decline was anticipated.

The chairman felt the group had done well to limit its decline in turnover to £12.66m (£13.11m). The Pulsar range of coloured laminate system furniture and other products had shown strong growth.

Profit was £1.94m (£3.08m), but struck after redundancies of £64,000 (nil). Earnings were 12.02p (19.09p) per share and a final dividend of 4.9p maintains the total at 7.7p.

In the current year the first two months results were ahead of plan.

Global profit soars to £5m

The revamped Global Group made pre-tax profits of £5.01m on turnover of £57.62m for 1990, and is paying a dividend of 0.5p, the first for two years.

This is the first full-year results since the acquisition of EIC in 1989 and the group now has three divisions – shipping services, food processing and property. Last year the group made a profit of £519,000 on turnover of £28.57m.

Mr Robert Evans, chief executive, said the results represented positive contributions from all operating divisions. The balance sheet was strong, with net assets of £13m and net cash of more than £1m.

APPOINTMENTS

Chairman of Thornton

■ Mr Peter Walker, MP, will succeed Mr Richard Thornton when he retires in July as executive chairman of THORNTON & CO. Mr Peter Dew, managing director of Thornton Investment Management in London, has become group managing director. Mr Thornton has accepted the invitation of Dresdner Bank, the principal shareholder, to become president of Thornton & Co from July 1.

■ Mr Henry Gold is to be technical director of THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES. He is deputy group controller with Royal Dutch Shell in London, and will join the Institute in May. Mr Gold succeeds Mr Geoff Mitchell who joined Barclays Bank in January.

■ THE NORTH BRITISH DISTILLERY COMPANY has appointed Mr J. Bruxner as chairman to succeed Mr J.A.R. Macphail who retires on March 22. Mr J.J.G. Good becomes a director from March 23.

■ Following Swire Pacific's investment in FRASER INSURANCE BROKERS, Mr Michael Miles, an executive director of John Swire and Sons, has been appointed non-executive chairman of Fraser. Mr Garth Bearman becomes chief executive officer; and Mr Yao Kang, Mr Peter Johansen, Mr George Miller and Mr David Thoms join the board.

■ Mr Anthony Shakesby has been appointed financial director of REGINA HEALTH AND BEAUTY PRODUCTS. He was corporate planner at Pavilion Leisure.

■ Mr David Manning has been appointed director, UK equities, at LEGAL & GENERAL INVESTMENTS. He was director, pension fund investments, Hill Samuel Investment Management.

■ Mr Tim Smith, Conservative MP for Beaconsfield, has been appointed a director of GARTMORE VALUE INVESTMENTS.

■ Mr Tim Burrows, energy underwriter, Mr Nigel Edwards, international underwriter, non-marine, Mr Justin Swan, aviation X/L underwriter, and Mr Colin Young, marine X/L underwriter, have been appointed directors of ENGLISH & AMERICAN UNDERWRITING AGENCY.

■ Mr Alan L. May has been named to head the operations of CIGNA WORLDWIDE, Inc, in the UK and Ireland. He was directing operations in Canada.

■ Mr Eric Sanderson, chief executive of the British Linen Bank, has been appointed a non-executive member of the BRITISH RAILWAYS board for three years.

■ HENDERSON UNIT TRUST MANAGEMENT has appointed Mr Alan Gadd as investment trusts director, and Mr Ian Chimes as marketing director.

■ THURGAR BARDEX has appointed Mr Geoffrey J. Eades as finance director, and Mr Martin H. Tarran-Jones as commercial director.

■ GRANT THORNTON has appointed Ms Mariette Davis (pictured left) as an investigations partner in the special services unit, London. She is currently on secondment at the Treasury, where she advised on both electricity industry flotations. Mr Mark Aldridge (right) becomes business advisory partner in the Bristol office. He moves from the Cardiff office.

■ Mr Frank Burgess has been promoted to group deputy chairman of BARNET DEVANNEY & CO. Mr Alan H. Davies has been appointed group managing director; and Mr Michael T.J. Horton, a director of First National Bank, has joined the board.

■ WHATMAN, Maidstone, has appointed Mr Christopher Nash as group treasurer. He was vice president finance for Whatman filter systems division in the US.

■ Mr Ian Barry has been apppointed finance director and deputy managing director of MAJESTIC WINE WAREHOUSES. He was finance director of Majestic from 1987-89, prior to the takeover by Wharfside Wine, when he joined Tie Rack as operations director.

COMPANIES AND FINANCE

Intel fails in move to get protection for chip

By Louise Kehoe in San Francisco

INTEL, the leading US maker of microprocessor chips used in personal computers, has lost a significant round in its long-running legal battle to prevent "cloning" of its products.

A San Francisco court ruled on Friday that Intel was not entitled to claim trade mark protection for "386", the numerical designation of one of its most popular products, a device that forms the "brain" of an estimated 10m IBM-compatible personal computers.

Intel had filed a suit against Advanced Micro Devices, charging trade mark infringement, when the rival chip maker used the designation Am386 on its "clone" version of the microprocessor.

The name of the device is significant, because it is used by several leading personal computer makers to label their products. If Intel had won its case against AMD, personal computers built using the AMD chip would have had to be renamed.

US District Judge William Ingram ruled, however, that 386 is a generic product designation and therefore cannot be trade marked.

Intel said it was disappointed, but not surprised by the ruling. "As a result of this decision, we will refer to the i386 microprocessor and Intel386 microprocessor in order to more clearly distinguish Intel products from imitations," said Mr Thomas Dunlap, Intel's vice-president and general counsel.

For more than three years AMD and Intel have been in a dispute over AMD's claim that it is entitled to manufacture the 386 under the terms of a 1981 technology-sharing agreement between the companies.

In a separate case, Intel has charged AMD with copying the "microcode" or internal software instructions from a related chip.

AMD claims that a 1976 agreement gives it the right to use the software.

Iveco unions agree to 3,000 job cuts

By Haig Simonian in Ulm

IVECO, the trucks subsidiary of Italy's Fiat automotive and industrial group, has reached agreement with its domestic unions on about 3,000 job cuts as part of a reorganisation which will include a L4,000bn ($3.48bn) three-year investment plan.

Speaking to journalists for the first time since his appointment as chief executive last December, Mr Giancarlo Boschetti said the redundancies were a key part of Iveco's "total restructuring" to face the downturn in European truck demand.

Iveco is forecasting a 10 to 12 per cent fall in the overall market this year and a 5 to 7 per cent reduction in 1992.

As a result, "the chances for profitability in Europe will be very poor" this year, he said.

However, investment plans remained on course, notably in Spain, where Iveco bought the loss-making Enasa group last year, despite the fact that Enasa would report a "heavy loss" for 1990.

Mr Boschetti did not indicate whether Enasa would return to the black this year. "Our objective is heavily to reduce those losses" in 1991, he said.

He confirmed that the Pta37bn ($387m) investment commitment made at the time of the Enasa purchase represented a minimum level. "If we find the right conditions, we will go beyond."

Current spending at Enasa included a Pta10bn programme at the Valladolid plant, where top painting facilities being installed would allow the introduction of new models from September, with full production by mid-1992. Iveco also planned to introduce unspecified new products in Madrid, he said.

Mr Boschetti was sceptical about wide-scale collaboration agreements between European truck producers.

However, he confirmed that discussions on specific ventures such as engines, gearboxes or cabs would probably accelerate.

Iveco's project to develop a new heavy diesel engine range with Nissan Diesel "was reaching the stage when the first prototypes would be ready," he said.

However, the two sides had not decided whether to move to full-scale production.

● A Milan court has decided not to remove the sequestration order on a packet of shares in the continuing battle for control of Mondadori, the leading Italian media group.

Lifting the sequestration, as requested by Mr Silvio Berlusconi and his allies, would have represented a further severe blow to Mr Carlo De Benedetti's continuing *de facto* control of the group.

However, after receiving some backing from the Milan court, the chances are that the Berlusconi faction may now feel in a stronger position to demand a bigger influence over Mondadori's affairs from the court-appointed representatives who control the balance of power at the group. That could open the way to renewed boardroom strife at the company.

NEWS IN BRIEF

LVMH close to Lanson sale

LVMH, the French drinks and luxury goods group, is nearing the final stages of talks to sell Lanson, a champagne brand it recently bought, to Marne et Champagne, a large family-owned producer, writes William Dawkins in Paris.

An existing joint distribution venture, 80 per cent-owned by Marne et Champagne and 20 per cent by Allied Lyons, the UK drinks group, is understood to be ready to pay about FFr1.6bn ($305m) for the Lanson brand and its stocks.

If the sale comes off, LVMH will recoup a large slice of the FFr3.1bn it paid last December to buy Lanson and Pommery, its sister brand, from BSN, France's leading foods group. LVMH also took on FFr1bn of the brands' debts in the deal.

■ National Bank of Canada, the country's sixth largest chartered bank, posted lower first-quarter profits after higher loan provisions, writes Robert Gibbens in Montreal.

Earnings were C$55.3m (US$48m) or 36 cents a share for the three months ended January 31, down 21 per cent. Half the bank's problem loans are to Ontario and Quebec businesses.

■ Sansui Electric, the Japanese consumer electronics group in which Polly Peck International, the collapsed UK fruit-to-electronics group, holds 72 per cent, reported a pre-tax loss for the nine months to December of Y1.7bn ($12m) on sales of Y16.7bn, writes Emiko Terazono in Tokyo.

Sansui changed its year-end from October to December after Polly Peck took control in late 1989.

In the previous five months to March 1990, the company reported pre-tax losses of Y3.7bn on sales of Y7.1bn.

■ KNP, the Dutch paper group, reported that net profit on normal business operations fell slightly to Fl 286.7m ($169m) in 1990 from a record Fl 294.1m in 1989, writes Ronald van de Krol in Amsterdam. After adjustments, turnover was down 4 per cent at Fl 2.2bn. Paper production rose by 4 per cent to 1.16m tonnes.

■ Square D, the Illinois-based electrical equipment manufacturer, has erected a legal barrier to a takeover bid by the Schneider Groupe of France, writes Barbara Durr in Chicago.

Square D won a temporary restraining order from the New York State Supreme Court barring Schneider from disclosing or using confidential information on Square D which had been furnished to Schneider during failed joint venture talks.

Under the order, Schneider is prohibited from using such information in its threatened proxy fight.

Nat-Ned, NMB link approved

By Richard Lapper

A LARGER-than-expected majority of shareholders of the biggest Dutch insurer, Nationale-Nederlanden, and the country's third biggest bank, NMB Postbank, have voted to approve the link between the two companies.

By the 3pm deadline on Friday, 95 per cent of Nat-Ned bearer depositary receipts (BDRs) for shares and 94 per cent of NMB shares had been tendered for exchange. A total of 86 per cent of the warrants of NMB Postbank had been tendered for exchange.

Up to 20 per cent of NMB shareholders and a third of Nat-Ned shareholders had been expected to reject the offer.

Nat-Ned's institutional investors had criticised the deal as being unfair to them when terms were announced in November. However, after terms were modified last month, opposition gradually faded. Aegon, the Dutch insurer, and the Nat-Ned investor most critical of the deal, tendered its 10 per cent stake in Nat-Ned on Friday.

The minority of shareholders that have not yet offered their securities for exchange have until 3pm on April 5 to do so.

The shares of the new bank-to-insurance group, Internationale Nederlanden Groep, will be listed in Amsterdam today. The group will also apply for listings in Antwerp, Brussels, Paris, Basle, Geneva and Zurich.

Japanese are net sellers of US stocks

By Ian Rodger in Tokyo

JAPANESE investors ended up net sellers of US stocks and bonds in 1990 for the first time since records of these transactions began to be kept in 1981.

The Japanese Ministry of Finance reported that net selling of US securities by Japanese investors last year amounted to $16.1bn, compared with net purchases of $26.5bn in 1989.

The ministry said that shrinking interest-rate differentials between US and Japanese securities last year discouraged the Japanese from investing in the US.

Also, Japanese investing institutions had less surplus money to invest abroad as a result of the Tokyo stock market slump and the high demand for capital by domestic industry.

Among foreign destinations for Japanese capital, the US remained the most popular. US securities purchases of $1,127.1bn accounted for 77.6 per cent of all foreign securities purchases by Japanese investors. Sales of US securities worth $1,143.3bn were 80.9 per cent of overall sales.

FT-SE index inquiry follows complaints

By Jim McCallum

THE LONDON International Stock Exchange's decision to investigate the circumstances surrounding the expiry of the February FT-SE 100 index option contract last Thursday followed complaints from one large UK institutional investor and a US commercial bank which claim that a broker had manipulated the stock market.

The complaints were prompted by an unusual movement in the FT-SE 100 share index just before the FT-SE options expired. Some dealers believe that a securities house artificially boosted the index by bidding for FT-SE stocks during the period when the closing level of the FT-SE option was being calculated.

Investors who own FT-SE options stand to gain or lose considerably, depending upon the level of the FT-SE index at the time the options expire.

The Stock Exchange has noted that the FT-SE index rose by 9 points between 11.10am and 11.20am when the expiring level of the FT-SE options was being calculated, a movement which it has described as significant.

A large US user of the options market, who has asked not be named, claims there was "blatant manipulation" in the run-up to the expiry of February FT-SE options. Some other brokers and institutions also believed the market had been held up artificially.

However, some large institutions believed the stock market was being driven higher by fundamental news, in particular the cut in Spanish Treasury bill rates and ICI's final results. They added that the broker had bid for stock to cover its exposure in the traded options market.

Denison Mines suffers C$291.3m loss

By Bernard Simon in Toronto

DENISON MINES, the ailing Canadian resources group, suffered a C$291.3m (US$253m) loss last year after taking large write-downs on most of its mining and energy assets.

The loss from continuing operations was C$169.5m, or C$2.94 per share, compared with a C$4.5m profit, the previous year.

Revenues were little changed at C$316m.

The write-downs were C$322m, almost half of which stemmed from Denison's 60 per cent interest in the Denison-Potacan potash mine in New Brunswick. The company sold its stake in the mine last month to a Franco-German consortium for C$15m.

Other write-downs include C$82m on the Koongarra uranium property in Australia; C$80m on oil and gas interests in the Mediterranean; and C$10.5m on other long-term investments. Five years ago, Denison wrote off its investment in the Quintette coal mine in British Columbia.

After enjoying strong growth in the early 1980s, Denison has been brought to its knees by a heavy debt load and weakening commodity prices. The company has halted dividends, has asked its bankers to restructure its debt, and has been forced to put the company up for sale.

● Campeau Corporation has sold a 500,000 sq ft office building in Ottawa to six Canadian pension funds for an undisclosed sum, writes Robert Gibbens.

NRI TOKYO BOND INDEX

December 1983 = 100	21/2/91	Average yield (%)	Last week	12 wks ago	26 wks ago
	PERFORMANCE INDEX				
Overall	154.36	6.78	153.74	148.27	142.11
Government Bonds	152.69	6.56	152.07	145.38	138.20
Municipal Bonds	156.99	6.81	156.37	150.97	143.96
Govt.-guaranteed Bonds	159.07	6.94	158.41	153.46	147.42
Bank Debentures	150.95	6.81	150.29	146.46	141.20
Corporate Bonds	155.19	7.47	154.90	150.22	146.28
Yen-denom. Foreign Bonds	158.32	8.11	158.09	151.88	152.08
Government 10-year†	6.34		6.35	6.99	7.71

† Estimated par yield

Source: Nomura Research Institute

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 03.03.91: Pool purchase price £/MWh	Final Prices for Trading on 03.02.91: Pool purchase price £/MWh	Pool selling price £/MWh
0030	15.30	25.66	25.66
0100	20.54	25.66	27.57
0130	25.54	35.43	37.56
0200	25.54	35.43	37.53
0230	19.21	35.43	37.55
0300	15.70	17.74	19.44
0330	15.70	17.74	19.44
0400	15.70	17.03	18.72
0430	14.90	16.33	18.96
0500	14.82	13.42	13.42
0530	14.90	13.38	13.38
0600	14.82	13.32	13.32
0630	14.46	13.32	13.32
0700	14.46	13.32	13.32
0730	14.46	13.27	13.27
0800	14.30	13.26	13.26
0830	14.30	13.32	13.32
0900	14.85	13.38	13.38
0930	15.99	13.38	13.38
1000	15.99	15.77	17.45
1030	15.99	16.18	17.89
1100	16.40	17.46	19.20
1130	19.09	21.06	22.88
1200	25.71	25.66	27.61
1230	25.71	25.66	27.80
1300	25.71	25.66	27.80
1330	16.40	21.06	22.88
1400	15.99	17.83	19.67
1430	14.92	13.43	13.43
1500	14.92	13.37	13.37
1530	14.85	13.26	13.26
1600	14.86	13.32	13.32
1630	14.86	13.38	13.38
1700	14.92	16.38	18.07
1730	16.40	18.13	19.86
1800	15.99	18.13	19.86
1830	21.96	22.69	24.53
1900	21.96	22.69	24.52
1930	32.39	28.00	29.96
2000	32.39	28.00	29.99
2030	32.39	17.24	18.94
2100	20.83	17.24	18.94
2130	18.99	17.24	18.94
2200	16.40	17.24	18.94
2230	15.99	15.77	17.42
2300	14.92	13.42	13.42
2330	14.82	13.32	13.32
2400	14.46	13.22	13.22

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the *Pooling and Settlement Agreements* which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 04.03.91: Pool purchase price £/MWh	Final Prices for Trading on 04.02.91: Pool purchase price £/MWh	Pool selling price £/MWh
0030	15.93	13.38	13.38
0100	15.64	15.77	18.84
0130	25.54	18.23	19.33
0200	25.54	18.23	19.33
0230	18.88	18.23	19.31
0300	18.36	18.23	19.34
0330	18.40	18.23	19.37
0400	15.79	17.28	18.39
0430	14.92	13.43	13.43
0500	14.92	13.38	13.38
0530	14.89	13.32	13.32
0600	15.18	13.32	13.32
0630	15.93	13.42	13.42
0700	18.42	16.34	17.48
0730	19.16	19.76	20.96
0800	19.59	21.02	22.28
0830	19.41	25.29	26.65
0900	21.00	25.29	26.61
0930	21.03	25.65	26.93
1000	21.03	25.65	26.89
1030	21.03	25.65	26.87
1100	21.03	26.26	27.51
1130	21.03	26.25	27.55
1200	21.03	26.25	27.56
1230	21.02	26.25	27.57
1300	21.01	26.25	27.60
1330	21.01	26.25	27.82
1400	21.00	22.48	23.75
1430	19.59	20.29	21.49
1500	19.60	16.33	16.33
1530	19.59	16.06	16.06
1600	19.59	26.25	27.64
1630	24.33	25.71	27.04
1700	24.34	26.03	27.32
1730	24.36	26.47	27.68
1800	24.41	26.45	27.85
1830	24.63	26.28	27.49
1900	24.61	26.25	27.51
1930	24.35	26.25	27.85
2000	24.33	25.69	27.00
2030	24.33	21.02	22.22
2100	19.41	20.29	21.48
2130	18.62	20.29	21.49
2200	18.42	19.05	20.21
2230	17.69	19.05	20.21
2300	16.42	13.42	13.42
2330	15.14	13.29	13.29
2400	14.79	13.22	13.22

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the *Pooling and Settlement Agreements* which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

INTERNATIONAL CAPITAL MARKETS

UK GILTS

Profits taken as attention switches

THE long-expected slippage in the gilt market happened last week. Prices at both long and short ends of the yield curve fell back as investors took profits and switched their attention to other bond markets in continental Europe with more clearly favourable long-term prospects.

After a long run of rising prices, the 9 per cent Treasury bond maturing in 2008 was quoted on Friday night at 92¾, down more than 1 point on the week, to yield 9.87 per cent. At the short end of the curve, the 10 per cent bond maturing in 1994 was quoted at 99¼, down about ¼ a point. Its yield on Friday night was 10.26 per cent.

The market shrugged off the one obvious piece of good news for gilts – evidence from the Confederation of British Industry that pay settlements appeared to be moderating. Wage deals in manufacturing reported to the CBI so far this year average 8.3 per cent, as against 9 per cent in the final quarter of 1990.

Lower wage increases, providing they take effect across the whole of UK industry, should cut operating costs and make companies more competitive, helping to sustain the reductions in inflation apparent over the past three months. All this, in theory, ought to be good news for gilt investors.

However, many market participants were unsettled by the ½ percentage point cut in base rates announced on Wednesday, following the reduction by the same amount two weeks earlier.

The easing in borrowing conditions, bringing base rates to 13 per cent, appeared logical on the grounds of helping to reduce the impact of the recession.

The cut had been widely anticipated, as reflected in the fall in prices for short-dated gilts after it was announced.

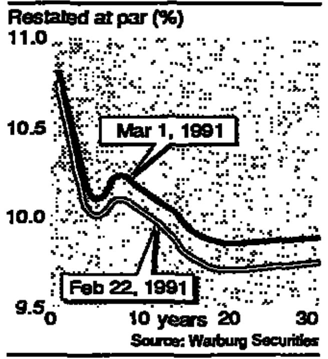
Even so, the rate reduction strengthened the feeling that the government might be preparing to "soften up" voters ahead of an early election, possibly in June. Such a state of affairs could have negative consequences for the gilt market:

● It might lead to several new cuts in rates, beginning with another reduction around Budget day on March 19, that could trigger an over-rapid revival in consumer spending. This could threaten to cause new inflationary pressures next year.

● Labour could win the election with a mandate to increase public spending. Due to the re-emergence of a government deficit, the gilt market is already resigned to gilt issues next financial year of about £15bn. A Labour victory would probably increase this figure, further depressing market conditions.

● An imminent election involves the possibility that whichever party wins will devalue sterling within the European exchange rate mechanism (ERM). That would undermine investor confidence in gilts, on the assumption that once the escape route of devaluation is decided on, further steps in the same direction might be taken.

UK gilts yields



Source: Warburg Securities

*Leaving aside the considerations related to an early election, many in the gilt market believe the UK's inflation profile over the next eight months will be generally favourable. With interest rates coming down to a likely 11 per cent by the end of the year, a rate of rise of retail prices of 4 per cent by December is a distinct possibility. That contrasts with a rate of 9 per cent in January.

However, the extent to which this anticipated shift in price movements will bring about lasting changes in underlying inflation, as measured by wage rises, remains to be seen.

Many economists are far from confident that the cuts in pay increases will be sustained or rapid enough to boost the competitive powers of UK industry, which could mean that demand has to be damped again next year by high interest rates to keep sterling stable within the ERM.

Peter Marsh

CANADIAN BONDS

Buoyant market enjoys surge of issues

CANADA'S bond markets have lately been enjoying the best of all worlds – falling interest rates, a strong currency and a higher yield than that in US securities, without much extra risk.

Ottawa and the provinces have responded with a surge of new issues this year. The federal government raised C$6.6bn in the domestic bond market in January and February, up from C$5.5bn in the same period last year. Provincial governments' borrowings reached C$4bn, almost half the total for 1990.

The budget delivered by Mr Michael Wilson, finance minister, last Tuesday cheered the market further by proclaiming lower interest rates as a top policy priority. To achieve them, Mr Wilson aims to bring inflation down to a yearly 2 per cent by 1995, and has promised specific legislated limits on government spending which will be less porous than the US Gramm-Rudman targets.

"The structure is not in place for the Americans to beat their deficit problem, but it is for us to beat ours," Mr Wilson said in a post-budget interview.

One sign of Canada's attractiveness was a further 10-point narrowing in the spread between long-term US and Canadian bonds late last week. "If it weren't for the poor US market, we'd continue to see quite a good rally here," says a bond trader at Royal Bank of Canada.

Although Canadian interest rates have fallen markedly in the past eight months, they remain well above levels in the US. The spread ranges from 165 basis points on 10-year Treasury bonds to 350 points on three-month bills.

The short-term gap, in particular, is attracting foreign investors, helping the Canadian dollar to defy incessant predictions that it is about to weaken. The Canadian dollar was trading at close to 87 US cents at the end of last week.

Amid the euphoria, however, doubts are starting to surface whether the bond rally will last much longer. Mr Michael Manford, chief economist at ScotiaMcLeod, predicts that there are "some shocks to come".

Mr Manford is advising clients to lighten their portfolios once the long-term government of Canada yield falls below 9.75 per cent. It is now at 9.9 per cent. "Bond markets get far too bullish at the bottom of cycles," he says, "and they can very rapidly change their minds."

The risks include renewed political uncertainty over Quebec's intentions, a surge in borrowing by the 10 provinces and disruptive ripples from the US market.

Provincial budget deficits are expected to soar this year as Ottawa trims its transfers, and the provinces' own tax revenues are hit by the recession. Ontario's new social-democratic government has borrowed C$2.5bn to C$3bn on domestic markets since last October, and is expected to continue borrowing heavily in the months ahead.

Mr Cal Wostenholme, government bond services manager at Burns Fry in Toronto, agrees that provincial borrowings will rise, but contends that "while the amounts seem large, they'll be absorbed quite well".

Federal demands are due to ease as Mr Wilson's deficit reduction measures start taking effect.

If the finance minister has his wish, government of Canada bonds will become an extinct species within the next four years. The latest budget aims to bring the borrowing requirement down from C$23.8bn in the fiscal year which ends on March 31 1991 to C$21.6bn next year. By 1995, Ottawa expects to be a net redeemer.

Bernard Simon

US MONEY AND CREDIT

The search for confidence begins

NOW COMES the test. Victory in the Gulf was secured with unexpected brevity last week, but the uncertainty over the US economy may take longer to resolve.

For months, the impact of the Middle East crisis on the domestic situation – in terms of consumer demand, business confidence and so on – has *muddied perceptions of* where the US economy stands. The statistics have shown plainly enough that the recession has been deepening, but assessing the extent to which Gulf-related factors have contributed to this decline has been an unenviable, and largely impossible, task.

Admittedly, some of the effects of the Gulf crisis on business have been clear enough – the fear of terrorist activity on airline traffic, for example. For these specific cases, last week's events should prompt a quick reversion to a "normal", pre-August state of affairs.

But trying to determine, for example, whether American consumers have deferred expenditure because they are worried about potential job losses, or because they have been glued to TV coverage of Gulf events, is more tricky. It is in this nebulous area of "business/consumer confidence" that the removal of the "war factor" will now prove most telling.

Unfortunately, this creates the sort of uncertainty that the bond market prefers to live *without. If there is to be a* surge in consumer confidence and associated lift in demand, then official predictions of short, shallow recession may yet be correct. But, in that case, the prospect of speedy interest-rate cuts dwindles. Worse, the inflationary spectre may even re-emerge.

But is that really the likely scenario? Just as the precise correlation between Gulf hostilities and the slump in the economy was always questionable, *it is not clear why* decking the house with stars and stripes should prompt anyone to indulge in a spending spree.

As analysts at Kleinwort Benson comment: "The general view . . . is that consumer confidence is bound to rise. The question is by how much and what effect this will have on economic activity . . . To actually spend more money, consumers have to feel more than just patriotic and proud of their country. They also need *to feel confident about employ*ment prospects."

More easily assessed, perhaps, is the boost which reconstruction work in the war-torn areas should provide to US companies. Estimates of the value of these potential contracts vary, but a consensus figure seems to stand at about $50bn spread over several years. Different countries will compete for the orders, but in the medium to long term, this at least offers a significant economic stimulant.

So, in the knowledge that it will take time for the domestic impact of last week's events to show through in the official figures, bond markets are turning cautious. On Tuesday, the benchmark 30-year Treasury bond fell almost 1 point, pushing the yield up from 8.06 at *the end of the previous week to* 8.12 per cent. The trend would continue for the next three trading sessions, and by the close on Friday, the issue was *returning 8.27 per cent.*

The market's worries were compounded by a mixed bag of statistics unleashed during the week. Neither the January durable goods order figures nor the February consumer confidence index were quite as grim as the pundits had expected. And although the leading indicators index dipped again in January, for the sixth month in a row, more attention was paid to a sudden surge in the Commodity Research Bureau's index of food items and industrial materials, rekindling inflation fears.

This week, then, all eyes will focus on the February employment report, due on Friday. Many analysts expect this to reconfirm that the economy has yet to bottom out. Partly due to heavy job losses in the car industry, non-farm payrolls are predicted to fall by some 100,000 to 120,000. Anything substantially above this figure might revive interest-rate hopes and give the bond market a lift.

Over in the junk bond market, on the other hand, matters are a good deal *more cheerful.* Prices rallied sharply on thoughts that an economic revival might be on its way, and Donaldson Lufkin Jen*rette's Treasury-junk yield* spread – which compares the returns on liquid high-yield bonds with those on 7-year Treasury notes – has plunged *to less than 10 per cent, having* topped 13 per cent in late 1990.

As ever, it seems, one person's loss is another's gain.

Nikki Tait

US MONEY MARKET RATES (%)

	Last Friday	1 week ago	4 wks ago	12-month High	12-month Low
Fed Funds (weekly average)	6.38	5.00	5.50	11.00	4.00
Three-month Treasury bills	6.26	6.11	6.15	7.98	6.07
Six-month Treasury bills	6.38	6.20	6.29	8.04	6.13
Three-month prime CDs	6.82	6.64	6.65	9.01	6.50
30-day Commercial Paper	6.80	6.40	6.70	9.95	6.25
90-day Commercial Paper	6.63	6.38	6.50	10.05	6.20

US BOND PRICES AND YIELDS (%)

	Last Fri.	Change on wk	Yield	1 week ago	4 wk. ago
Seven-year Treasury	99[illegible]	-⅛	7.97	7.79	7.72
20-year Treasury	109[illegible]	-1[illegible]	8.28	8.07	8.07
30-year Treasury	95[illegible]	-2[illegible]	8.27	8.06	8.08

Money supply: In the week ended February 25, M1 rose by $1.3bn to $826.7bn.

FT/AIBD INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHT	Issued	Bid price	Chg on week	Yield
ABBEY NATIONAL 8 7/8 93	150	101⅛	-⅛	8.24
ABN 9 1/8 94	200	101⅝	-½	8.52
AETNA LIFE & CAS 7 3/4 16	200	98⅝	-¼	7.89
ALBERTA PROVINCE 8 5/8 96	750	100⅝	-½	8.47
ALBERTA PROVINCE 9 3/8 95	600	103½	-⅝	8.41
AMERICAN EXPRESS 0 00	450	39⅝	-⅝	9.93
AMERICAN GENERAL 9 3/4 95	100	97⅝	-¼	10.43
ANHEUSER-BUSCH 9 1/8 92	100	101⅛	-¼	7.97
ASIAN DEV BANK 0 04	1000	31	-⅛	9.06
AUSTRALIA 11 95	200	108¼	-½	8.61
[illegible]				
SAINSBURY 9 1/8 96	[illegible]	[illegible]	[illegible]	[illegible]
SARA LEE 9 3/8 93	150	101½	-⅝	8.75
SAS 10 99	150	101½	-⅛	8.63
SAS 10 1/8 95	200	98⅞	-⅛	10.21
[illegible]	150	101	-⅛	9.83

U.S. DOLLAR STRAIGHT (cont.)	Issued	Bid price	Chg on week	Yield
SASKATCHEWAN 15 92	150	109	-½	8.09
SBAB 9 1/2 95	500	103½	-⅝	8.46
SEAGRAM CO 8 1/2 96	100	97⅛	-¼	9.22
SEARS O/S FIN 0 98	500	47⅛	-⅛	10.56
SEARS O/S FIN 11 5/8 93	150	104	-⅛	9.76
SKANDIA INTL 7 1/4 92	200	99½	+⅛	7.78
SNCF 7 1/4 94	175	98⅝	-⅛	7.79
SNCF 9 1/2 98	150	104⅝	-⅛	8.61
STATE BK STH AUST 9 1/4 93	100	101⅞	-⅛	8.16
STATE EL VICTORIA 10 92	100	103	-⅛	8.05
STATOIL 7 5/8 94	200	97⅛	-⅛	8.76
[illegible]				
QUEBEC HYDRO 8 3/4 99	300	87⅝	+⅛	9.04
SWEDEN 6 1/8 98	300	88¼	-⅛	8.40
WORLD BANK 0 15	2000	17⅛	+⅛	7.37
WORLD BANK 5 3/4 96	300	89		8.52
WORLD BANK 7 1/8 95	500	96	+1	8.37

SWISS FRANC STRAIGHTS	Issued	Bid price	Chg on week	Yield
ASIAN DEV BANK 6 10	100	93	+1½	6.64
AUSTRIA 4 5/8 98	100	89½	+½	6.38
CHUJITSUYA 7 3/4 95	50	103¾		6.87
COUNCIL EUROPE 4 3/4 98	250	89½		6.69
EEC 5 1/2 00	100	91½	-1¼	6.71
EIB 5 3/4 93	100	97⅛		6.69
ELEC DE FRANCE 7 1/4 06	100	103	-⅛	6.92
FINLAND 5 3/8 95	150	96	-⅛	6.39
GENERAL MOTORS 7 1/2 95	100	101	-1¼	7.21
JAPAN DEV BK 5 1/2 94	100	96½		6.86
NEW ZEALAND 4 7/8 99	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]				

WARRANTS		Price	Chg on week	
[illegible]				
SUMITOMO CHEM	[illegible]	[illegible]	[illegible]	[illegible]
TOYO SASH	20/01/93	3⅛	+⅛	73.80
TOYOTA MOTOR	27/04/93	14⅛	+⅛	24.50
UNITIKA	15/07/92	21⅛	+1⅛	7.18
YAMANOUCHI PHARM	20/07/93	5	+⅛	51.58
[illegible]	30/06/92	5⅞	-⅛	27.34

STRAIGHT BONDS: Yield to redemption of the bid-price. Amount issued is expressed in millions of currency units.
FLOATING RATE NOTES: US dollars unless indicated. Margin above six-month offered rate for US dollars. C.cpn = current coupon.
CONVERTIBLE BONDS: US Dollars unless indicated. Prem = percentage premium of the current effective price of buying shares via the bond over the most recent share price.
WARRANTS: Equity warrant prem = exercise premium over current share price. Bond warrant ex yld = exercise yield at current warrant price.

Closing prices on March 1

SYNDICATED LOANS

Scotland prepares for power sell-off

AS THE TWO English electricity generating companies move towards the climax of their privatisation, the process is now under way for the Scottish power companies.

The two generators, Scottish Power and Scottish Hydro-electric, are raising £450m in bank credits in preparation for their privatisation – and they are paying slightly more than their predecessors.

The largest, the £300m five-year credit for Scottish Power being arranged by Samuel Montagu, will carry an interest margin of 45 basis points (0.45 per cent) over London inter-bank offered rates. The commitment fee on undrawn amounts is 22½ basis points.

Charterhouse, merchant banking arm of Royal Bank of Scotland, is arranging a five-year credit of up to £150m for Scottish Hydro. Terms on this loan have not been disclosed but it is unlikely that the margin will deviate much more than about 3 basis points from the larger credit.

Montagu is seeking underwriting commitments of £50m, prior to a general syndication likely to start in two to three weeks. Because of the smaller size of its deal, Charterhouse will approach directly a small group of international banks for a "club" deal and will not seek an underwriting group.

The English power generators won margins of 37½ to 40 basis points. The extra margin for their Scottish counterparts suggests a continued rise in the costs of bank finance for corporate borrowers over the past few months.

More evidence of these difficult conditions came in the decision by National Westminster to withdraw from syndication – or at least to delay indefinitely – a £120m credit for Mount Charlotte Hotels.

However, where the terms of the loan, the borrower or the business-sector are popular, syndications can still do well. A $250m credit for Norske Shell, Norwegian subsidiary of the Royal Dutch Shell Group, was raised to $300m after success in syndication.

Stephen Fidler

INTERNATIONAL BONDS

Syndicate managers work hard to find a price level

THE MARKET for sterling mortgage-backed bonds has undergone a testing few months. The four new issues this year, totalling £760m, have battled to establish pricing levels in a nervous marketplace.

For syndicate managers, each issue now requires a mixture of imaginative structuring, fine judgment in pricing and a hard slog in sales.

At the peak of the market in September 1989, Mortgage Securities No 2, a special purpose vehicle of First Mortgage Securities, issued £150m-worth of bonds with a five-year average life at a discounted margin of 21 basis points.

Last week when the market was tapped, it was at a discounted margin of 75 basis points.

Prices began to fall in the second half of last year as investors took fright at the increasing levels of mortgage defaults in the UK housing market.

The Council of Mortgage Lenders said recently that 44,000 homes were repossessed due to mortgage default last year, three times the 1989 level. This represents 0.41 per cent of all mortgages outstanding, although the situation in London and the south-east of England is worse than in other areas.

Serious mortgage arrears are also showing a rapid increase.

Issuers are quick to point out that the pool insurance policies or subordinated debt structures which support mortgage-backed issues make bond default a remote possibility. Mortgage defaults in the UK housing market would have to rise to catastrophic levels for bondholders to face losses.

However, there is a perception of increased risk among investors.

But perceived risk of default is not the only factor which has driven margins higher. There are fears that the fragile liquidity of the sector is in danger as important investors have pulled back from the market.

Many companies which had previously been enthusiastic buyers of sterling mortgage backed paper now find themselves with insufficient liquidity to take new issues. Syndicate managers estimate that between 15 per cent and 25 per cent of new issues were bought by corporate treasurers in 1989 and the first half of last year.

The liquidity squeeze on companies has been compounded by chastening experiences with other "liquidity management" instruments, such as commercial paper and variable rate notes (VRNs).

Even those treasurers with excess liquidity are loath to commit funds to other non-cash instruments.

"*Companies which lost* money in Polly Peck commercial paper and are locked into illiquid VRNs are unlikely to buy mortgage-backed securities," commented one syndicate manager.

To cap it all, the Bank of England announced in January that UK banks would have to double the amount of capital they set aside against holdings of mortgage-backed paper from January 1993, in line with the European Commission Solvency Ratios directive.

The move should not be, in itself, very damaging to the sector. At current margins banks might regard mortgage-backed paper as offering a reasonable return on capital, even where 8 per cent capital has to be set aside against holdings.

However, the announcement raised doubts over the future participation of another group of investors. The sterling mortgage backed market has never been a highly liquid sector, and investors are now anxious about the its future liquidity. Higher margins reflect an illiquidity premium.

This underlines that liquidity is often a function of expectations. Loose parallels can be drawn with the collapse of the perpetual floating-rate note market in 1987, following indications that bank buyers of the paper would have to deduct their holdings from their capital base.

There is no reason to believe that the sterling mortgage-backed sector will suffer the same fate, not least because the paper is of fixed maturity and senior debt status.

Recent issues have proved that paper can still be sold, at the right price.

Multiple-tier structures, such as the £330m three-tranche issue for CMS No 7 launched by Warburg Securities in January, attempt to target specific pockets of demand.

The shorter life bonds have the most potential buyers and the first tranche of CMS No 7 had an average life of just 1.06 years. However, longer-dated instruments can be sold to investors who believe that current margins represent a never-to-be-repeated opportunity.

Issuers have also included step-up features, whereby the margin over London interbank rates paid on bonds increases when the EC legislation comes into force. The three-tier CMS No 7 issue, CMS No 8 launched by Goldman Sachs, and PIMBS No 6 via Salomon Brothers have all included features of this type.

For the centralised mortgage lenders themselves, the state of the market poses problems. They rely on being able to securitise the mortgages they write, so as to maintain a small balance sheet.

It is not only the specialist centralised lenders which are under pressure to securitise their mortgage portfolios. A number of mainstream European banks, such as Banque Nationale de Paris which bought Chemical Bank's UK mortgage business in 1989, are keen to securitise some of their UK mortgages, freeing valuable capital for other purposes.

Simon London

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book runner	Offer yield %
US DOLLARS							
Tiffany & Co.(c)§†	50	2001	10	6⅜	100	Lehman Brothers	6.375
Kolon Industries(d)§†	28½	2005	14	4	100	J Henry Schroder Wagg	4.000
Tokyu Construction◆	170	1995	4	4¼	100	Yamaichi Int.	4 250
Sumitomo Bakelite Co.◆	120	1995	4	4¼	100	Nomura Int.	4.250
Gen.Elec.Cap.Corp.†	250	1998	7	8⅝	99.60	Kidder Peabody Int.	8.704
Eksportfinans AS†	200	1995	4	8⅛	101.22	CSFB	7.759
IMI Bank Int.†	300	1996	5	8⅜	101.14	CSFB	8 089
ECUs							
European Community†	500	1998		9¼	100.85	Dresdner Bank AG	9.081
European Community(j)†	500	1996	5	9¾	102¾	CSFB	9.042
STERLING							
RMC Capital Ltd(g)§†	78	2006	15	8¾	100	J Henry Schroder Wagg	8.941
Mortgage Securities(l)‡†	50	2028	37½	(l)	97.80	Baring Bros.	-
CANADIAN DOLLARS							
CIBC (London)†	100	1994	3	10⅜	100.92	Wood Gundy Inc.	10.005
Nip.T'graph & T'phone(h)†	200	2001	10	10¼	(h)	Deutsche Bk Cap.Mkts.	10.369
Nat.Nederlanden US Hldgs†	125	1994	3	10⅜	101.60	Bankers Trust Int.	9.735
Toyota Motor Cr.Corp†	125	1994	3	10¼	101.34	Wood Gundy Inc.	9.714
Swedish Exp.Cr.Corp†	100	1996	5	10¼	101.70	Hambros Bank	9,804
NEW ZEALAND DOLLARS							
Eksportfinans AS(o)†	100	1994	3	11½	100	Merrill Lynch Cap.Mkts.	11.500
FRENCH FRANCS							
Guinness BV†	1bn	1996	5	9¾	101.60	Societe Generale	9.335
D-MARKS							
SPC Electronics Corp(a)◆†	50	1995	4	4⅝	100	Nikko Secs.GmbH	4.625
EIB(e)‡†	700	1998	7	(e)	100	Salomon Bros.AG	-
ABB Capital BV★★†	100	1998	7	8¼	101½	UBS (Germany)	7.962
Riken Corp◆	100	1995	4	4½	100	Dresdner Bank AG	4.500
Shinko Wire Co.◆†	50	1995	4	4½	100	Yamaichi Int.GmbH	4.500
KYC Machine Ind.◆	50	1995	4	4½	100	Nikko Secs.GmbH	4.500
SWISS FRANCS							
Philip Morris Co.Inc.†	250	1996	-	7	102	Credit Suisse	6.519
Kindom of Belgium★★†	100	2001	-	6¾	101¾	SBC	6.506
Anam Ind of Korea(k)★★§†	50	1996	-	6	100	SBC	5.990
Meiko Shokai(m)★★§	30	1995	-	5½	100	UBS	5.494
Kito Corp.(n)★★§	22	1995	-	5½	100	Nomura Bank (Switz)	5.500
Kitagawa Iron Works Co.★★†	50	1996	-	7½	99¾	UBS	7.562
LIRE							
Daimler-Benz Int.Fin.BV†	100bn	1998	5	12½	101.85	Bca.Comm.Italiana	11.987
Bayerische Vereinsbk.†	150bn	1996	5	12½	101¾	Banco di Roma	12.014
YEN							
Nippon Sanso Corp.†	20bn	1998	7¼	7.20	101 60	Yamaichi Int.	6.904
Fin Danish Industry Int.(f)†	10bn	1996	5	(f)	100.10	JP Morgan Secs.	-
Osaka Gas Co.†	30bn	1998	7¼	7	101	Nomura Int.	6.813
Marubeni Int.Fin.Plc†	10bn	1996	5	7.35	101.35	Yamaichi Int.	7.021
Marubeni Int.Fin Plc(i)†	10bn	1996	5	(i)	101.35	Yamaichi Int.	-
Kobe Steel Ltd†	50bn	1998	7	7.10	101¾	Nomura Int.	6.779
Sumitomo Realty & Devt.†	30bn	1995	4¼	7.20	101⅛	Daiwa Europe	6.873
NEC Corp.†	30bn	1998	7¼	7	101	Daiwa Europe	6.813
NEC Corp.†	20bn	1995	4¼	7.1	101	Daiwa Europe	6.809
LUXEMBOURG FRANCS							
Genfinance SA(b)†	1.5bn	1998	7	9⅛	101.85	BGL	8.760
Banque ANHYP★★†	300	1995	4	9¼	101⅝	BCEE	8.751
Compagnie Bancaire†	1bn	1998	7	9⅛	101¾	KBL	8.780
Aux.Cr.Fon.de France★★†	1bn	1998	7	9⅛	101.90	Credit Europeen	8.751
Commerzbank Int.SA★★†	1bn	1998	7	9⅛	102	BIL	8.731
JAL Finance Europe BV★★†	800	1995	4.833	9⅜	102	Banque UCL	8.834
Swedbank★★†	600	1998	5	9¼	101⅞	Banque Paribas	8.771
Union Bank of Finland★★†	1bn	1996	5	9¼	102	Credit European	8.739
Skanska AB★★†	500	1996	5	9⅜	101.85	BGL	8.998

★★Private placement. ◆With equity warrants. ‡Floating rate note. ◆Variable rate notes. †Final terms a) Exercise premium fixed at 2.5%. Non-callable. b) Amount increased from LFr1bn. Non-callable. c) Callable after 3 years at 140%. Conversion premium fixed at 17.89%. d) Put option 31/12/95 to yield 8¼%. Conversion premium fixed at 15%. e) Callable after 2 years and on each coupon date, thereafter, at par. Coupon pays 3-month Libor minus 25bp. f) Coupon pays 8½% for first year, then is based on Yen/Yen swap rate, thereafter. Non-callable. g) Callable at par after 5 years, subject to 130% rule. Callable at par after 8 years. Conversion premium fixed at 14%. Coupon payable semi-annually. h) Fixed price reoffer - 99.28%. Non-callable. i) Coupon pays 7.35% for first 3 months, then steps up to 8½% for 21 months, then steps down to 6.45% until maturity. Non-callable. j) Fungible with existing Ecu260mn deal. Non-callable. k) Put option 31/12/93 110½% to yield 9.428%. Callable 31/12/93 110½%, 31/12/94 at 102% and 31/12/95 at 101%. Conversion premium fixed at 15%. l) Mortgage backed deal. Fungible with existing £150mn issue. Callable at 100% from September 1994. Coupon pays 18bp over 3-month Libor, rising to 50bp over 3-month Libor from September 1999. m) Put option on 20/5/93 at 106½% to yield 8.385%. n) Put option 30/9/93 at 108% to yield 8.423%. o) Yankee issue. Non-callable. Note: Yields are calculated on AIBD basis.

Nomura US arm sets up joint venture

By Patrick Harverson in New York

NOMURA Securities International, the New York arm of the Japanese broker, says it has set up a joint venture with a specialist US company to trade proprietary capital in the international currencies and commodity and financial futures markets.

Tudor/Nomura Global Trading Partners is a 50/50 venture between Nomura and Tudor Investment, the US commodity trader which manages about $650m of funds. It will have an initial capitalisation of $60m, *mostly provided by Nomura*, and will concentrate at first on trading interest rate and stock index derivatives, currencies, energy futures and metals futures.

The Nomura/Tudor joint venture is the latest attempt by Japanese securities houses to acquire the complex high technology asset management techniques employed so effectively in international markets by their US competitors.

Although conservative and risk-averse in their approach to securities trading, the Japanese have been increasingly eager to break into derivative markets where returns on capital can be far higher than in underlying equity and bond markets.

Nomura has a history of joint ventures with US partners. In recent years it has linked with Wasserstein & Perella, the mergers and acquisitions concern, and with Babcock & Brown in the leveraged leasing business.

EUROMARKET TURNOVER ($m)

Primary Market	Straights	Conv	FRN	Other
US$	1,995.0	0.0	305.0	16,639.2
Prev	2,673 8	0.0	2 8	12,423.2
Other	4,850.0	0.0	1,147 1	9,051.6
Prev	5,485.3	0.0	77.2	8,247.1
Secondary Market				
US$	22,799.3	696.7	6,848.5	9,164.2
Prev	22,900.8	815.2	4,954.3	7,193.5
Other	53,388.4	1,340.0	5,256.1	88,453.5
Prev	40,464.7	1,040.5	5,633.9	95,538.2

	Cedel	Euroclear	Total
US$	19,486.3	38,961.6	58,447.9
Prev	15,092.1	35,871.5	50,963 6
Other	66,265.2	97,221.5	163,486.7
Prev	58,137.0	98,349.9	156,486.9

Week to February 28 1991 — Source: AIBD

WORLD STOCK MARKETS

AUSTRIA | FRANCE (continued) | GERMANY (continued) | NETHERLANDS | SWEDEN (continued) | BELGIUM/LUXEMBOURG | DENMARK | FINLAND | ITALY | NORWAY | SPAIN | SWITZERLAND | SOUTH AFRICA | SWEDEN | JAPAN | AUSTRALIA | HONG KONG | MALAYSIA | SINGAPORE

[illegible]

CANADA

TORONTO

4:00 pm prices March 1

Quotations in cents unless marked $

[illegible]

MONTREAL

4:00 pm prices March 1

[illegible]

Total Sales 18,903,400 shares

INDICES

NEW YORK

DOW JONES	Mar. 1	Feb. 28	Feb. 27	Feb. 26	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
◆Industrials	2909.90	2882.18	2889.11	2864.60	2934.65 (15/2)	2470.30 (9/1)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	93.82	93.79	93.89	93.83	94.86 (15/2)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1150.74	1131.17	1131.17	1108.78	1150.74 (1/3)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	213.34	212.78	213.47	213.09	217.62 (11/2)	199.64 (16/1)	236.23 (2/1/90)	10.50 (8/4/32)

◆Day's High 2923.51 (2923.51) Low 2846.78 (2858.42)

STANDARD AND POOR'S

	Mar. 1	Feb. 28	Feb. 27	Feb. 26	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	370.46	367.07	367.74	362.81	370.46 (1/3)	311.49 (9/1)	369.06 (15/2/91)	4.40 (1/6/32)
Industrials	438.58	435.00	436.00	429.98	438.58 (1/3)	364.90 (9/1)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	28.63	27.94	27.80	27.36	28.80 (13/2)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	202.40	200.70	200.74	198.22	202.40 (1/3)	170.97 (9/1)	201.29 (15/2/91)	4.46 (25/4/42)
Amex Mkt. Value	348.14	346.13	342.97	341.46	348.14 (1/3)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	456.73	453.05	450.82	447.71	456.73 (1/3)	356.75 (14/1)	485.73 (9/10/89)	54.87 (31/10/72)

	Feb. 22	Feb. 15	Feb. 8	year ago (approx.)
Dow Industrial Div. Yield	3.47	3.44	3.57	4.26

	Feb. 27	Feb. 20	Feb. 13	year ago (approx.)
S & P Industrial div. yield	2.89	2.19	2.91	3.16
S & P Indl. P/E ratio	17.75	17.77	17.89	14.32

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Nabisco RJ	8,722,500	9⅞	+ ½
Ford Motor	4,181,600	33¼	+ ⅝
Westinghouse	3,502,200	27⅞	+ ⅞
Sec. Pacific	3,328,700	32⅞	+ 4½
Philip Morris	2,817,900	66	...
LTV	2,731,200	2½	+ ⅛
Gen. Motors	2,441,900	39½	...
Bk. of Boston	2,186,300	8⅞	+ 1⅞
Swiss Bus.	2,142,000	⅛	...
Pan Am	2,111,200	1⅞	+ ½

TRADING ACTIVITY

† Volume Millions	Mar. 1	Feb. 28	Feb. 27
New York	221.510	223.010	211.410
Amex	18.710	17.679	17.890
NASDAQ	(u)	171.463	161.923
Issues Traded	2,031	2,043	2,007
Rises	946	1,063	1,074
Falls	629	565	494
Unchanged	456	415	439
New Highs	72	96	69
New Lows	3	4	5

CANADA

TORONTO	Mar. 1	Feb. 28	Feb. 27	Feb. 26	1991 HIGH	1991 LOW
Metals & Minerals	3150.33	3114.02	3105.03	3064.05	3224.35 (18/2)	2632.06 (9/1)
Composite	3471.42	3462.37	3445.06	3421.38	3532.54 (18/2)	3161.95 (15/1)
MONTREAL Portfolio	1832.47	1825.80	1818.74	1805.79	1882.70 (18/2)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Mar. 1	Feb. 28	Feb. 27	Feb. 26	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1395.2	1405.6	1398.4	1413.4	1413.4 (26/2)	1204.5 (16/1)
All Mining (1/1/80)	607.8	605.5	598.4	607.1	612.0 (25/2)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	490.29	495.74	491.52	498.38	505.54 (25/2)	390.84 (15/1)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	5617.36	5613.78	5535.79	5580.24	5617.36 (1/3)	4664.84 (16/1)
DENMARK						
Copenhagen SE (3/1/83)	345.91	346.00	345.28	348.14	349.71 (25/2)	302.26 (8/1)
FINLAND						
HEX General †	1013.3	1016.7	1005.8	1000.7	1016.7 (28/2)	890.5 (23/1)
FRANCE						
CAC General (31/12/82)	466.12	465.56	455.65	463.50	466.12 (1/3)	394.88 (15/1)
CAC 40 (31/12/87)	1746.79	1759.79	1731.82	1712.31	1759.79 (28/2)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	648.67	662.95	659.44	663.39	678.31 (25/2)	570.48 (15/1)
Commerzbank (1/12/53)	1845.1	1892.2	1878.6	1890.1	1935.1 (25/2)	1612.5 (15/1)
DAX (30/12/87)	1516.74	1542.09	1565.52	1558.24	1601.15 (25/2)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	3552.37	3552.14	3512.79	3532.43	3552.37 (1/3)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1382.88	1390.48	1378.81	1354.81	1390.48 (28/2)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	561.46	572.52	571.65	574.74	582.09 (25/2)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	25881.57	26409.22	26094.25	26282.96	26462.76 (25/2)	22442.70 (16/1)
Tokyo SE (Topix) (4/1/68)	1931.66	1960.32	1935.37	1953.09	1963.44 (25/2)	1625.80 (17/1)
2nd Section (4/1/68)	2991.81	2994.24	2965.25	2971.06	2994.24 (28/2)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	559.51	562.40	561.13	563.47	563.47 (26/2)	470.41 (16/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	249.0	249.6	246.7	243.4	249.6 (28/2)	221.4 (16/1)
CBS All Shr (End 1983)	182.1	182.5	180.4	179.4	182.5 (28/2)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	692.52	691.28	676.05	676.97	692.52 (1/3)	610.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	962.56	983.03	966.69	976.35	1006.04 (25/2)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	395.43	396.56	389.31	386.61	396.56 (28/2)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1082.04	1067.0	1029.0	999.0	1367.0 (14/1)	971.0 (25/2)
JSE Industrial (28/9/78)	3198.04	3218.0	3209.0	3213.0	3258.0 (20/2)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	(c)	675.57	673.71	677.27	697.62 (4/1)	614.60 (16/1)
SPAIN						
Madrid SE (30/12/85)	261.63	264.13	264.08	262.68	267.41 (25/2)	213.70 (14/1)
SWEDEN						
Affärsvärlden Gen. (1/2/37)	1062.2	1070.1	1061.1	1056.1	1070.1 (28/2)	888.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	694.6	700.2	702.2	695.2	702.2 (27/2)	590.4 (14/1)
SBC General (1/4/87)	582.2	586.7	589.6	584.9	592.3 (25/2)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	4955.33	5033.37	4869.82	4839.46	5181.98 (21/2)	3316.26 (16/1)
THAILAND						
Bangkok SET (30/4/75)	790.46	(c)	769.13	776.14	823.65 (19/2)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) (§)	512.1*	520.6	516.7	514.2	524.2 (18/2)	439.1 (16/1)

**Saturday February 23: Taiwan Weighted Price: 4946.52. Korea Comp Ex. 685.39.
‡ Subject to official recalculation. † Unitas General discontinued. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Friday 1 March 1991

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
S'tomo Mtl Ind	47.6m	536	-4	K'magai Gumi	14.6m	980	-19
NKK	21.7m	450	-5	Nippon Oil	11.4m	1,160	-40
M'sui Shpbldg	20.9m	684	-8	Unitika	10.2m	564	+12
M'bishi Oil	18.5m	1,270	-70	Nippon Steel	9.6m	491	-8
K'saki Steel	16.1m	454	-15	K'sei Elec Rl	6.7m	1,700	+20

Price data supplied by Telekurs.

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

Martin Currie Unit Trusts Ltd (0905)H
48 Melville St, Edinburgh EH3 7HF Dlng 031-220 4924

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Far East (Pacific)	5¼	90 39	91 68	97 32	0 43	41357
Income & Growth	5¼	58 09	59 19xd	62 83	5 20	41358
European (z)	5¼	53 51	54 04xd	57 36	1 24	41359
Nth American (z)	5¼	33 08	33 11	35 14	1 49	41360
Intl Growth(9-1)	5¼	57 12	58 15	61 73	0.82	41361
UK Growth	5¼	51 52	52 74	55 98	2.56	41362
Intl Income	5¼	45 45	45 94	48 76	6.12	46966
High Yield	5¼	44 76	45 41	48.20	7 14	46965
Charities	5¼	88 26	89 57xd	95 08	5 89	46463
Japan	5¼	37 15	37 15xd	39.43	-	47589

Matheson Unit Trust Managers Ltd (1200)H
Admin 5 Rayleigh Rd Hutton Brentwood Essex
Enquiries 0277 227300 Dealing 0277 261010

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
UK Growth (4-1)	6	65 25	66 64	71 27	0 47	46365
UK High Income	6	33 67	34 02	36 39	5 55	46356

NM Unit Trust Mngrs (1200)H
The Bilton Centre, North Harbour Portsmouth
Enquiries 0705 372222 Dealing: 0705 387730

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
American ♥	5¼	29 00	29 13	31 07	1.64	41072
(Accum Units) ♥	5¼	31 03	31.18	33.25	1.64	41073
Australian ♥	5¼	151.4	152.8xd	163.9	3.35	41074
(Accum Units) ♥	5¼	170.5	172 0	184 5	3.35	41075
Conscience	5¼	48.26	49.19	52 49	1.5	41076
(Accum Units)	5¼	50 61	51.58	55 04	1.5	41077
European	5¼	135.5	137.2	146.3	1.10	41078
(Accum Units)	5¼	143.0	144 9	154.5	1.10	41079
Extra Income	5¼	63 32	63.32	67 57	9.04	41080
(Accum Units)	5¼	85 70	85.70	91 46	9 04	41081
Far East Gth Acc ♥	5¼	104.5	104.5	111.7	0.28	41082
Gilt & F I	5¼	50 96	50 96xd	53 94	9.29	41083
(Accum Units)	5¼	107 2	107.2	113 4	9.29	41084

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours. (♣) - 1101 to 1400 hours. (♦) - 1401 to 1700 hours. (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

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TSB Unit Trusts (1200)H

Target Trust Mngrs Ltd (1000)F

Templeton Unit Trust Managers Ltd (1200)F

Thornhill Unit Trust Managers Ltd (1200)F

Thornton Unit Managers Ltd (1000)F

Three Counties Asset Mngmt Ltd (1430)F

Timberlake Trust Mngrs Ltd (0900)F

Touche Remnant Unit Tst Mngt Ltd (1600)F

Trades Union Unit Tst Mngrs (1200)H

Triton Fd Mngrs. Ltd. (1000)H

United Charities Unit Trusts (1000)H

Wardley Unit Tst Mngrs Ltd (1300)F

Waverley Unit Tst Mngmt Ltd (1000)F

Wessex Asset Management (1530)F

Whittingdale Unit Tst Mngt Ltd

Wilshire Financial Services Ltd (0900)F

Woolwich Unit Trust Managers Ltd (1700)H

Wright Seligman Fund Mngrs Ltd (1700)F

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

James Capel Fund Managers Ltd

Cent. Bd. of Fin. of Church of England

Charinco/Charishare

CAFINVEST-Charities Aid Foundation

COIF-Charities Official Inv Fd

Edinburgh Fund Mngrs PLC

Fidelity Investment Services Ltd

Robert Fleming Asset Mngmt Ltd

Funds In Court

Henderson Unit Trust Management Ltd

INVESCO MIM Management Ltd

Lazard Brothers & Co. Ltd

Lazard Investors Ltd

Local Authorities Mutual Invest. Tst.

M & G Securities Ltd

Morgan Grenfell Unit Trust Managers Ltd

Murray Johnstone UT Mngmt

Phillips & Drew Fund Management Ltd

NM Rothschild Asset Management Ltd

J. Rothschild Fund Managers Ltd

Stewart Ivory & Co Ltd

Thornton Unit Managers Ltd

Touche Remnant Unit Tst Mngt Ltd

INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

Acuma Life Assurance Ltd

Aetna Life Assurance Co Ltd

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc

Allied Dunbar Assurance Plc—Contd.

Ambassador Life Assce. Co Ltd

American Life Insurance Co UK

Avon Insurance Plc

Barclays Life Assur. Co Ltd

Black Horse Life Ass. Co Ltd

Britannia Life Ltd

CCL Assurance Ltd

Canada Life Group

Cannon Assurance Ltd

Century Life Plc

Citibank Life

City of Westminster Assurance

Clerical Medical/Fidelity Investments

Clerical Medical Investments Group

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Combined Life Assurance Co

Commercial Union Group

Cornhill Insurance PLC

Crown Financial Management Ltd

Crusader Insurance Plc

Eagle Star Insur./Midland Assur.

Eagle Star Life Assurance Co Ltd

Economic Insurance Company Ltd

Equitable Life Assurance Society

Equity & Law

Family Assurance Society

Friends Provident

GT Unit Managers Ltd

General Accident

General Portfolio Life Insce Plc

Assicurazioni GENERALI SpA

Gresham Unit Assurance Ltd

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Guardian Royal Exchange—Contd.

Hearts of Oak Insurance Group

Henderson Administration

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Ideal Insurance Co Ltd

Interlife Assurance Co Ltd

Irish Life Assurance Co Plc

Lancashire & Yorkshire Assce Society

Laurentian Life plc

Legal & General (Unit Assur) Ltd

Legal & General (Unit Pensions) Ltd

Liberty Life Assurance Co Ltd

The Life Association of Scotland

Lifetime Assurance Co Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London & Manchester Group

M & G Life and M & G Pensions

MGM Assurance

Manchester Unity Assurance

ManuLife Group PLC

Merchant Investors Assurance Co Ltd

Merchant Investors Assurance Co Ltd—Contd.

Mercury Life Assurance Co Ltd

Midland Life Limited

NEL Britannia Assur Co Ltd

NEL Pensions Ltd

NM Life Assurance Ltd

Continued on next page

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N & P Life Assurance Ltd

National Financial Management Corp PLC

National Mutual Life

National Provident Institution

Norwich Union Asset Management Ltd

Norwich Union Life Insurance Soc.

Pearl Assurance (Unit Funds) Ltd

Pegasus Assurance Ltd

For Pioneer Mutual see Swiss Pioneer

Premium Life Assurance Co Ltd

Professional Life Assurance Co Ltd

Prolific Life & Pensions Ltd

Property Equity & Life Ass. Co

Prosperity Life Assurance Ltd

Providence Capital Life Assc. Co Ltd

Provident Life Assoc Ltd

Provident Mutual Life Assc. Assn.

Prudential Assurance Co

Prudential Holborn Life Ltd

Prudential Holborn Pensions Ltd

Prudential Pensions Limited

Regency Life Assurance Co Ltd

Reliance Mutual

Royal Heritage Life Assurance Ltd

Royal Heritage Life Assurance Ltd—Contd.

Royal Insurance Life Ltd

Royal Life Assurance

Save & Prosper Group

Scottish Amicable

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Provident Institution

Scottish Widows' Group

Shield Assurance Ltd

Skandia Life Assurance Co Ltd

Standard Life Assurance Company

Sun Alliance Group

Sun Life of Canada (UK) Ltd

Sun Life Unit Assurance Ltd

Swiss Life (UK) PLC

Swiss Pioneer Life Plc

TSB Life Ltd

Target Life Assurance Co Ltd

Teachers' Assurance Company Ltd

Templeton Life Assurance Limited

Tunbridge Wells Equitable

Wesleyan Assurance Society

Windsor Life Assur Co Ltd

Woolwich Life Assurance Co Ltd

Zurich Life Assurance Co Ltd

For UK Life assurance see Century Life Plc

OFFSHORE INSURANCES

AEtna Intl Assurance (Bermuda) Ltd

Albany International Assurance Ltd

CMI Insurance Co Ltd

Eagle Star Intl Financial Services

Equity & Law Intl Life Assce Co Ltd

Eurolife Assurance Group

Finesco International Ltd

Fleming Life Assurance Co Ltd

Hansard International Ltd

Isle of Man Assurance Ltd

NEL Britannia International Ltd

Premium Life International Ltd

Providence Capital International Ltd

Royal Life Intl. Ltd

Royal Skandia Life Assurance Ltd

Sun Alliance International Life

Target International Group

MANAGEMENT SERVICES

David M. Aaron (Personal Fin. Plans.) Ltd

The Analysis Group PLC

Bryan Walls & Partners Ltd

Cameron Law & Company Ltd

James Campbell & Son Financial Services

Chase de Vere PLC

ECU Futures Plc

Edinburgh Money Management Ltd

Fairmount Ginn Rolls Ltd

Gartmore Fund Managers Ltd

Hartminster Financial Services (Pty) Ltd

L.P.S. Lamont plc

Johnson Fry Financial Services Ltd

Knight Williams & Company Ltd

Macartney & Binks F.S. Ltd

Northern Biage & Partners

Park Fund Management Ltd

Pendleton Way Financial Services Ltd

Roxborough Financial Management Ltd

Rutland Inv Mkg & Inv Grp ("RIBIG")

Sharp (Albert E) & Co.

Siltain Fund Managers Limited

Tattersall Investment Mngt. Ltd

Towry Law & Co

J. D. Ward Financial Services Ltd

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Orion Fund Limited

CANADA (SIB RECOGNISED)

Ivory & Sime Pembroke Inc

GUERNSEY (SIB RECOGNISED)

Adams & Neville Fund Mngt (Guernsey) Ltd

BBV-Hambros Asset Mngmt (Guernsey) Ltd

Barings Intl Fd Managers (Guernsey) Ltd

Guinness Flight Fd Mngrs (Guernsey) Ltd

Hambros (CI) Mgrs Ltd

Leopold Joseph Fund Mngmt (Guernsey) Ltd

Kleinwort Benson Intl Fd Mngrs Ltd

Lazard Fund Mngrs (Channel Islands) Ltd

Lion World Fixed Income Fund

Lloyds Intl Money Market Fund Ltd

M & G (Guernsey) Ltd

Prolific International Mngmt Ltd

Rothschild Asset Management (CI) Ltd

Royal Bank of Canada Funds

Schroder Investment Mngmt (Guernsey) Ltd

GUERNSEY (REGULATED)

Adams & Neville Fund Mngt (Guernsey) Ltd

Arab Bank Fund Managers (Guernsey) Ltd

Bachmann Global Investment Fund Ltd

Credit Suisse Asset Mngmt (Guernsey) Ltd

Dartrust Management (Guernsey) Ltd

Fleet-Cassell Fund Mngrs (Guernsey) Ltd

John Govett Mngmt International Ltd

Hambros Fund Managers (CI) Ltd

Havelet Throgmorton Mngmt Ltd

Henderson Admin. (Guernsey)

Hill Samuel Fd. Mngrs. (Guernsey) Ltd

Holborn Fund Management (Guernsey) Ltd

Kleinwort Benson Fund Mngrs (Guernsey) Ltd

Kleinwort Benson Islamic Fd Mngmt Ltd

Lazard Fund Managers (CI) Ltd

Merrill Lynch Guernsey

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	Bid Price	Offer Price	Yield Gross	City-line
Nikko Capital Mngt (Europe) Ltd				
Japan Index Fund	Y2,975	3,005	-	45559
New Generation Fd $	$23 07	23.31	-	45560
Japan Index Alpha	Y9,007	9,144	-	46350
Jap Sector Rotation	Y7,411	7,520	-	47394
Jap Cap Gwth CB	[illegible]	[illegible]	-	45822
Sarasin Funds Mngmt (Guernsey) Ltd				
GlobalSar-Fergus £	12.46	13.31	-	-
GlobalSar-Fergus US$	$23.90	25.53	-	-
GlobalSar-Fergus SFr	SFr31.40	33 54	-	-
Saudi International (Guernsey) Ltd				
Intl Bond	$10 67	10.85	-	46774
Intl Dollar	$10 40	10 41	-	46775
Intl Equity	$11 66	12 07	-	46776
Falcon High Income	$91.96	92.14	-	44741
Schroder Investment Mngmt (Guernsey) Ltd				
Latin American	$12.2010	12.9992	-	45744
Stonehage Fund Mngrs Ltd				
Intl Man Fd	$11.53	11.59	-	46492
U.S. Treasury Securities Fund Ltd				
Short Term Shares	$752.29		-	45903
Fixed Income Shares	$874.36		-	45904
Yamaichi Capital Mangmt (Guernsey) Ltd				
Japan Meta Growth	$11 09		-	46000
Yamaichi ISS Fund	$7 98		-	46591
Yamaichi CB Plus Fund	$8 80		-	47335
Thai Inv Fund	$10 83		-	46493

IRELAND (SIB RECOGNISED)

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
GAM Fund Management Ltd (u)						
29 Kildare Street, Dublin				010 353 1760 630		
GAM Universal US Dlr Acc		$-	112.26			40337
GAM Universal US Dlr Inc		$-	112.26			40340
GAM Universal DM Acc		DM-	111.09			40341
GAM Universal DM Inc		DM-	111 09			40342
MI Global Asset Mngmt Co Ltd "MI Trusts"						
MI Global Dollar		$-	1.00	1 07		43441

IRELAND (REGULATED)(**)

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F						
PO Box 63, Bond Street, St Helier, Jersey				0534 76029		
Stlg Fixed Int	5½	£1.122	1 122	1.192	18.02	45259
Offshore High Yield	3½	£1.439	1 439	1.497	14.53	45249
Global Equity Fund	5½	$14 41	14 41	15 41	1.05	45260
European Equity	5½	[illegible]	17.58	18 80	1.06	45258
UK Growth (CI Fund)	5½	£4 616	4 616	4 937	5 14	45264
Nth American Eqty	5½	$9 732	9 732	10 386	0 68	45250
Far Eastern Eqty	5½	$9 618	9 771	10 450	0 12	45252
International Mngd	5½	$9 761	9.761	10.440	1.05	-
Instl. Bond Fund						
Sterling Managed	5½	£10.30	10.30	10 96	8 98	45265
US Dollar Managed	5½	$13 40	13 40	14.25	5 94	45266
International Currency Fund						
Sterling Managed ‡	5½	£25 26	25 26	26 73	-	45267
US Dollar Managed ‡	5½	$29 21	29 21	30 91	-	45268
Sterling ♦ ‡	0	£24.30	24.30	24.30	13 08	45269
US Dollar ♦ ‡	0	$37 51	37 51	37.51	5 44	45270
Deutschmark ♦ ‡	0	[illegible]	58.96	58 96	7 68	45271
Japanese Yen ♦ ‡	0	Y4,782	4,782	4,782	6.32	45272
Swiss Franc ♦ ‡	0	SFr45.99	45.99	45 99	6.73	45273
Irish Punts ♦ ‡	0	I£21.80	21.80	21.80	5 96	40662
INVESCO MIM International (Jersey) Ltd						
PO Box 271, St Helier, Jersey				0534 73114		
Jersey Gilt (z)	5¼	0.1701	0 1701	0.1793	9.20	45403
Lloyds Bank (CI) U/T Mgrs.						
PO Box 195, St Helier, Jersey				0534 75561		
Lloyds Tst. Gift	2½	£9 482	9.500	9 748	11.49	46393
Dealing daily						
Midland Bank Fund Managers (Jersey) Ltd						
PO Box 26, St Helier, Jersey				0534 37788		
Intl Credit Portfolio	6	97.12	97.12	103 01	0.00	41827
Gilt	3	93 14	93.14	96 05	10 41	45446
For MIM see INVESCO MIM						
Royal Trust Jsy Fd Mngt Ltd (1400)F						
PO Box 428, St Helier, Jersey				0534 76077		
Govt Secs Fd	4	55.18	55 18	57 59	11.29	45734
TSB Trust Funds (CI)						
PO Box 538, St Helier, Jersey				0534 73494		
TSB Offshore Investment Fund Ltd						
Stg Deposit Class	3	103 38	103.38	106 48	12 75	45837
Gilt & Fixed Interest	5	104.56	104.56	107 74	11.63	41466
Blue Chip & Gilt Edged	5	49 01	49 01	52.06	8.57	45406
International Bond	5	105.10	105.10	110.39	7 52	43472
UK Equity	5	93 47	93.47	100 86	1 62	43572
International Equity	5	97.74	97.74	104.35	0.43	43569
Far Eastern	5	81.30	81 30	87.07	0.00	43461
European	5	83.41	83 41	88 08	0.42	43450

CURRENCIES, MONEY AND CAPITAL MARKETS

MONEY MARKETS

The trend is down

A DOWNWARD trend in European interest rates appears to have been established. The German Bundesbank raised official interest rates at the end of January, but this did not have the disruptive impact on the European Monetary System that might have been feared.

UK clearing bank base lending rate 13 per cent from February 27, 1991

The Bank of England has endorsed two cuts in UK bank base rates since the German move and sterling is only slightly lower against the D-Mark than in late January.

The French authorities would like to reduce rates and are keen to point out the steady performance of the franc since German rates were increased. Mr Pierre Beregovoy, French finance minister, said last week that money market indications show a growing leeway for France to cut rates, but the problem as far as Paris is concerned is the strength of the Spanish peseta.

Britain needed a small cut in the Bank of Spain's key money market intervention rate on February 13 before a ½ point reduction in base rates could be risked, but last week's cut in base rates was achieved without any help from Madrid, after sterling had been replaced by the French franc as the weakest member of the EMS exchange rate mechanism.

France regards strains within the ERM as the result of an over-strong peseta at the top rather than a weak franc, but may require Madrid to ease if French rates are to be cut.

Yields fell at last week's tender for Spanish Treasury paper, leading to a decline in wholesale interest rates, but it remains to be seen whether the Bank of Spain will ease its monetary stance again.

The Bank of Italy may also consider lower rates, after intervening to sell the strong lira at two consecutive Milan fixings last week.

£ IN NEW YORK

Mar.1	Close	Previous Close
£ Spot	1.8950-1.8960	1.9120-1.9130
1 month	1.01-0.99pm	1.00-0.98pm
3 months	2.68-2.65pm	2.70-2.67pm
12 months	7.73-7.63pm	7.87-7.77pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Mar.1	Previous
8.30 am	93.8	93.8
9.00 am	93.8	93.9
10.00 am	93.7	93.8
11.00 am	93.7	93.8
Noon	93.7	93.8
1.00 pm	93.8	93.8
2.00 pm	93.7	93.8
3.00 pm	93.7	93.8
4.00 pm	93.7	93.8

CURRENCY MOVEMENTS

Mar 1	Bank of England Index	Morgan** Guaranty Changes %
Sterling	93.7	-19.0
U.S. Dollar	61.9	-17.7
Canadian Dollar	102.7	+1.9
Austrian Schilling	110.4	+12.4
Belgian Franc	112.5	-1.4
Danish Krone	110.8	+5.0
D-Mark	119.9	+25.9
Swiss Franc	112.6	+20.6
Dutch Guilder	115.3	+16.8
French Franc	104.1	-12.3
Lira	100.3	-18.8
Yen	131.7	+66.6

Morgan Guaranty changes average 1980-1982 = 100 Bank of England Index (Base Average 1985 = 100) **Rates are for Feb 28

CURRENCY RATES

Mar 1	Bank rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.740438	0.702150
U S Dollar	6.00	1.42053	1.33444
Canadian $	10.02	1.63347	1.53660
Austrian Sch	7	15.1769	14.4253
Belgian Franc	10.50	44.4164	42.2249
Danish Krone	9½	8.28453	7.88118
D-Mark	6.50	2.15949	2.05036
Dutch Guilder	7.75	2.43152	2.31111
French Franc	10¼	7.35408	6.98511
Italian Lira	12½	1614.61	1532.60
Japanese Yen	6	187.510	179.308
Norway Krone	8	8.43937	8.01663
Spanish Peseta	-	134.537	127.786
Swedish Krona	11	8.00753	7.60762
Swiss Franc	6.00	1.87084	1.77680
Greek Drach	19	N/A	220.716
Irish Punt	-	N/A	0.768463

† European Commission Calculations.
* All SDR rates are for Feb.28

OTHER CURRENCIES

Mar 1	£	$
Argentina	18943.0 - 19010.0	9970.00 - 9980.00
Australia	2.4240 - 2.4260	1.2740 - 1.2750
Brazil	425.10 - 425.75	223.75 - 223.95
Finland	7.0355 - 7.0490	3.7040 - 3.7070
Greece	311.40 - 316.40	163.60 - 166.25
Hong Kong	14.8070 - 14.8210	7.7915 - 7.7935
Iran	124.20	63.10
Korea(Sth)	1377.55 - 1399.80	721.60 - 727.20
Kuwait	N/A	N/A
Luxembourg	59.85 - 59.95	31.50 - 31.60
Malaysia	5.1795 - 5.1880	2.7210 - 2.7230
Mexico	5650.60 - 5655.50	2974.00 - 2975.00
N.Zealand	3.1630 - 3.1680	1.6625 - 1.6645
Saudi Ar	7.1230 - 7.1270	3.7490 - 3.7510
Singapore	3.2875 - 3.2950	1.7285 - 1.7305
S.Af (Cm)	4.9075 - 4.9200	2.5840 - 2.5860
S.Af (Fn)	6.0125 - 6.1095	3.1645 - 3.2155
Taiwan	51.50 - 51.60	27.10 - 27.15
U.A.E.	6.9765 - 6.9810	3.6720 - 3.6740

* Selling rate

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev.
Mar	95-08	96-01	95-03	96-05
Jun	94-18	95-13	94-13	95-17

JAPANESE YEN (IMM) Y12.5m $ per Y100

	Close	High	Low	Prev.
Mar	0.7422	0.7458	0.7418	0.7510
Jun	0.7402	0.7439	0.7397	0.7489

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1)

Strike Price	Calls Mar	Calls Apr	Calls May	Calls Jun	Puts Mar	Puts Apr	Puts May	Puts Jun
1.900	1.20	2.05	2.61	3.15	2.01	3.54	4.81	6.16
1.925	0.50	1.27	1.81	2.24	3.66	5.21	6.46	7.77
1.950	0.07	0.70	1.16	1.64	5.80	7.15	8.34	9.59
1.975	-	0.34	0.70	1.12	8.15	9.29	10.38	11.57
2.000	-	0.13	0.40	0.73	10.58	11.57	12.56	13.67
2.025	-	0.06	0.20	0.46	13.06	13.94	14.84	15.87
2.050	-	0.05	0.09	0.27	15.54	16.36	17.19	18.14

Previous day's open int: Calls 293,559 Puts 431,962 (All currencies)
Previous day's volume: Calls 32,379 Puts 24,883 (All currencies)

POUND SPOT - FORWARD AGAINST THE POUND

Mar 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8970 - 1.9065	1.8975 - 1.8985	1.00-0.97cpm	6.23	2.69-2.65pm	5.63
Canada	2.1840 - 2.1935	2.1875 - 2.1885	0.65-0.57cpm	3.35	1.56-1.42pm	2.72
Netherlands	3.2800 - 3.2925	3.2825 - 3.2925	1¼-1cpm	3.88	2¾-2½pm	3.42
Belgium	59.80 - 60.25	59.85 - 59.95	23-17cpm	4.01	54-44pm	3.27
Denmark	11.1750 - 11.2250	11.1825 - 11.1925	3½-2½orepm	3.15	7¾-6¾pm	2.50
Ireland	1.0895 - 1.0990	1.0920 - 1.0930	0.25-0.17ppm	2.31	0.58-0.39pm	1.78
Germany	2.9135 - 2.9205	2.9150 - 2.9200	1-¾pfpm	3.86	2½-2⅛pm	3.34
Portugal	254.10 - 256.10	254.20 - 255.20	17-39cdis	-1.32	107-149dis	-2.01
Spain	181.10 - 182.15	181.10 - 181.40	21-34cdis	-1.82	64-86dis	-1.66
Italy	2174.70 - 2181.60	2180.25 - 2181.25	1¼-¼lirepm	0.45	2¼pm-¾dis	0.16
Norway	11.3650 - 11.4200	11.3650 - 11.3750	2¾-1¼orepm	2.24	5¾-4¼pm	1.74
France	9.9170 - 9.9445	9.9300 - 9.9400	3½-3⅛cpm	3.93	8¼-7¾pm	3.17
Sweden	10.7950 - 10.8560	10.7950 - 10.8050	1½-½orepm	1.11	2¼-1pm	0.58
Japan	254.75 - 255.80	254.75 - 255.75	1¼-1ypm	5.00	2¾-2¼pm	4.41
Austria	20.45 - 20.56	20.45 - 20.48	7¼-6¼gropm	3.92	18-15¼pm	3.30
Switzerland	2.5225 - 2.5350	2.5225 - 2.5325	1¼-⅞cpm	4.75	2¾-2⅝pm	4.25
Ecu	1.4150 - 1.4220	1.4160 - 1.4170	0.46-0.40cpm	3.64	1.11-1.02pm	3.01

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.68-4.63cpm. 12 Month 7.70-7.60pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Mar 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8970 - 1.9065	1.8975 - 1.8985	1.00-0.97cpm	6.23	2.69-2.65pm	5.63
Ireland†	1.7345 - 1.7440	1.7375 - 1.7385	0.59-0.54cpm	3.90	1.75-1.65pm	3.91
Canada	1.1490 - 1.1545	1.1525 - 1.1535	0.28-0.30cdis	-3.02	0.82-0.87dis	-2.93
Netherlands	1.7240 - 1.7335	1.7310 - 1.7320	0.31-0.33cdis	-2.22	0.94-0.98dis	-2.22
Belgium	31.45 - 31.70	31.50 - 31.60	5.00-7.00cdis	-2.28	17.00-21.00dis	-2.41
Denmark	5.8745 - 5.9075	5.8925 - 5.8975	1.40-1.70oredis	-3.16	4.50-5.10dis	-3.26
Germany	1.5285 - 1.5390	1.5365 - 1.5375	0.28-0.30pfdis	-2.26	0.84-0.87dis	-2.23
Portugal	134.40 - 134.55	134.45 - 134.55	80-90cdis	-7.58	250-275dis	-7.81
Spain	94.30 - 95.85	95.50 - 95.60	60-63cdis	-7.72	167-174dis	-7.14
Italy	1143.00 - 1150.00	1148.75 - 1149.25	5.40-5.80liredis	-5.85	15.40-16.40dis	-5.54
Norway	5.9800 - 6.0125	5.9875 - 5.9925	1.88-2.23oredis	-4.12	5.65-6.15dis	-3.94
France	5.2045 - 5.2410	5.2325 - 5.2375	1.01-1.06cdis	-2.37	3.20-3.30dis	-2.48
Sweden	5.6850 - 5.7085	5.6875 - 5.6925	2.37-2.62oredis	-5.26	7.10-7.55dis	-5.15
Japan	133.90 - 134.70	134.45 - 134.55	0.16-0.18ydis	-1.52	0.39-0.43dis	-1.22
Austria	10.7670 - 10.8200	10.7950 - 10.8000	1.80-2.20grodis	-2.22	5.50-6.60dis	-2.24
Switzerland	1.3235 - 1.3340	1.3310 - 1.3320	0.15-0.18cdis	-1.49	0.43-0.47dis	-1.35
Ecu	1.3355 - 1.3435	1.3375 - 1.3385	0.30-0.28cpm	2.60	0.90-0.87pm	2.65

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency

EXCHANGE CROSS RATES

Mar.1	£	$	DM	Yen	F Fr.	S Fr	H Fl	Lira	C $	B Fr
£	1	1.898	2.918	255.3	9.935	2.528	3.288	2181	2.188	59.90
$	0.527	1	1.537	134.5	5.234	1.332	1.732	1149	1.153	31.56
DM	0.343	0.650	1	87.49	3.405	0.866	1.127	747.4	0.750	20.53
YEN	3.917	7.434	11.43	1000	38.92		12.88	8543	8.570	234.6
F Fr	1.007	1.910	2.937	257.0	10	2.545	3.310	2195	2.202	60.29
S Fr.	0.396	0.751	1.154	101.0	3.930	1	1.301	862.7	0.866	23.69

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100

EURO-CURRENCY INTEREST RATES

FT LONDON INTERBANK FIXING

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (4pm) Treasury Bills and Bonds

Mar.1	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.80-9.00	8.85-9.00	8.85-9.00	8.90-9.05	8.90-9.05	9.00
Paris	9⅜-9⅝	9⅜-9½	-	9⅜-9⅝	-	9.25
Zurich	7⅝-7⅞	8¼-8⅜	-	8-8¼	-	-
Amsterdam	9.00-9.12	8.98-9.05	-	9.00-9.06	-	-
Tokyo	8⅜-8⅝	8⅛-8¼	-	7⅞-7⅞	-	-
Milan	12¾-13⅛	13⅝-13¾	-	13⅛-13⅜	-	-
Brussels	9.25-9.38	9¼-9⅜	-	9¼-9⅜	-	-
Dublin	11-11¼	11⅜-11⅝	11⅜-11⅝	11⅜-11⅝	10⅞-11	-

LONDON MONEY RATES

Mar 1	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	13⅝	13⅝	13⅜	12¾	12¼	11½
Interbank Bid	4	13	13¼	12⅝	12⅛	11⅜
Sterling CDs	-	-	13⅜	12¾	12⅜	11½
Local Authority Deps.	13⅛	13⅛	13⅛	12⅝	12¼	11½
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	13	13	12¾	12¼	-	-
Company Deposits	-	-	13⅜	12½	12⅛	11¾
Finance House Deposits	-	-	13¼	12¼	12⅜	11½
Treasury Bills (Buy)	-	-	12⅝	11⅞	11⅝	-
Bank Bills (Buy)	-	-	12⅞	12	11⅝	-
Fine Trade Bills (Buy)	-	-	13⅜	12⅝	11⅞	-
Dollar CDs	-	-	7.00	6.90	6.88	7.15
SDR Linked Dep. Offer	-	-	8¼	8⅛	8¼	8¼
SDR Linked Dep. Bid	-	-	8⅛	8¼	8⅛	8⅛
ECU Linked Dep. Offer	-	-	9⅞	9⅞	9⅞	9⅞
ECU Linked Dep. Bid	-	-	9⅞	9⅞	9⅞	9⅞

Treasury Bills (sell); one-month 12½ per cent; three months 11⅞ per cent, six months 11⅝ per cent; Bank Bills (sell); one-month 12⅞ per cent; three months 11⅞ per cent. Treasury Bills; Average tender rate of discount 11.8831 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day February 28, 1991. Agreed rates for period Mar 26, 1991 to April 22, 1991, Scheme I: 14.21 p.c., Schemes II & III: 14.63 p.c. Reference rate for period Feb 1, 1991 to Feb. 28, 1991. Scheme IV&V: 13.357 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 14 from March 1, 1991. Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 10½ per cent; one-three months 12 per cent; three-six months 12 per cent; six-nine months 12 per cent; nine-twelve months 11½ per cent; Under £100,000 10½ per cent from Oct 8, 1989. Deposits withdrawn for cash 5 per cent.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS (Figures in parentheses show number of lines of stock)	Fri Mar 1 1991: US Dollar Index	% chg ($) since 31/12/90	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg from 31/12/90	Gross Div. Yield	Thu Feb 28 1991: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Dollar Index 1990/91 High	1990/91 Low	Year ago (approx)
Australia (75)	131.54	+11.4	102.75	111.84	105.12	111.51	+9.5	6.03	133.04	108.24	111.85	105.58	112.69	158.31	112.74	139.31
Austria (19)	214.59	+9.1	167.63	182.45	171.48	171.10	+11.8	1.60	216.92	168.34	182.38	172.16	171.48	285.63	167.00	263.17
Belgium (60)	149.14	+12.8	116.50	126.79	119.17	116.04	+15.0	5.07	150.22	116.57	126.28	119.21	116.14	160.02	121.73	134.84
Canada (116)	137.80	+6.0	107.64	117.15	110.11	115.05	+5.3	3.49	137.65	106.82	115.72	109.23	114.62	153.61	121.24	140.42
Denmark (32)	263.01	+13.1	205.45	223.62	210.17	210.88	+15.4	1.64	264.55	205.29	222.41	209.95	211.03	277.62	217.74	244.10
Finland (21)	113.58	+10.1	88.72	96.57	90.76	88.32	+12.6	3.19	113.79	88.30	95.67	90.31	87.68	152.29	90.61	147.83
France (113)	146.81	+11.4	114.68	124.81	117.31	120.56	+14.7	3.42	148.88	115.53	125.16	118.14	121.32	168.85	121.85	143.74
Germany (88)	117.67	+5.2	91.91	100.05	94.02	94.02	+8.1	2.43	121.31	94.14	102.00	96.27	96.27	144.63	101.38	123.76
Hong Kong (48)	144.52	+18.6	112.89	122.87	115.49	144.59	+18.5	4.64	144.28	111.96	121.29	114.51	144.32	147.49	112.24	118.91
Ireland (16)	170.07	+14.6	132.84	144.59	135.90	137.88	+17.2	3.32	172.36	133.76	144.91	136.79	138.98	198.57	132.88	187.48
Italy (91)	83.36	+6.4	65.11	70.87	66.61	71.53	+8.4	3.53	86.19	66.88	72.46	68.40	73.35	109.26	72.05	92.41
Japan (453)	140.33	+12.5	109.61	119.31	112.15	119.31	+11.5	0.72	144.33	112.00	121.34	114.56	121.34	197.26	106.58	162.71
Malaysia (34)	228.61	+7.8	178.58	194.36	182.67	239.66	+8.6	3.15	229.44	178.05	192.89	182.09	240.27	250.89	182.96	236.12
Mexico (12)	606.72	+3.8	473.93	515.83	484.82	1973.17	+4.6	0.35	602.34	467.43	506.40	478.03	1961.88	613.86	324.53	379.58
Netherland (41)	141.62	+5.8	110.62	120.40	113.17	111.92	+8.5	4.84	143.08	111.02	120.27	113.54	112.31	149.03	125.70	131.81
New Zealand (15)	48.70	+12.2	38.04	41.40	38.91	43.01	+9.7	7.90	48.77	37.85	41.01	38.71	43.17	75.36	41.18	65.09
Norway (30)	211.81	+3.7	165.45	180.09	169.26	172.21	+5.6	1.69	211.65	164.25	177.94	167.98	171.07	276.79	182.24	234.16
Singapore (25)	196.05	+23.1	153.14	166.68	156.66	156.25	+22.5	2.32	197.52	153.28	166.06	156.75	157.01	209.24	147.24	192.38
South Africa (60)	199.94	+9.3	156.18	169.99	159.77	139.41	+2.3	3.94	198.17	153.78	166.60	157.27	139.51	251.39	151.50	199.40
Spain (41)	163.67	+16.6	127.77	139.07	130.71	118.40	+16.6	4.79	165.74	128.62	139.35	131.54	119.35	182.25	128.54	147.05
Sweden (27)	194.18	+21.8	151.68	165.10	155.17	163.57	+23.2	2.52	195.94	152.06	164.74	155.51	164.25	234.93	146.60	180.28
Switzerland (65)	95.82	+7.7	74.85	81.47	76.58	79.09	+12.5	2.59	97.22	75.44	81.74	77.16	79.92	109.77	82.17	92.40
United Kingdom (296)	182.15	+9.9	142.28	154.84	145.54	142.28	+11.8	4.97	182.73	141.80	153.61	145.00	141.80	182.73	139.87	151.16
USA (526)	150.09	+12.6	117.24	127.61	119.94	150.09	+12.6	3.27	148.76	115.44	125.07	118.07	148.76	150.09	119.06	135.97
Europe (940)	147.06	+9.3	114.88	125.03	117.52	116.58	+11.7	4.03	148.88	115.53	125.16	118.16	117.24	157.65	124.91	138.01
Nordic (110)	193.08	+15.1	150.82	164.15	154.28	152.43	+17.0	2.06	194.28	150.76	163.33	154.19	152.58	223.29	155.55	186.97
Pacific Basin (650)	139.81	+12.6	109.21	118.87	111.72	119.50	+11.7	1.05	143.58	111.40	120.89	113.93	121.43	192.75	107.82	160.23
Euro-Pacific (1590)	143.13	+11.2	111.81	121.68	114.37	119.12	+11.7	2.31	146.10	113.37	122.82	115.94	120.52	174.18	116.03	150.79
North America (642)	149.25	+12.2	116.59	126.91	119.29	147.75	+12.2	3.28	147.99	114.84	124.43	117.47	146.48	149.25	119.26	136.14
Europe Ex. UK (644)	125.73	+8.8	98.21	106.92	100.48	101.55	+11.6	3.31	128.15	99.45	107.76	101.73	102.82	145.62	106.85	125.47
Pacific Ex. Japan (197)	132.89	+14.7	103.80	113.00	106.20	117.70	+13.6	5.16	133.65	103.71	112.38	106.08	118.29	146.72	111.40	130.01
World Ex. US (1778)	143.78	+11.0	112.31	122.25	114.90	119.67	+11.3	2.36	146.59	113.76	123.25	116.34	121.00	173.77	117.12	151.03
World Ex. UK (2008)	141.16	+11.8	110.27	120.02	112.81	127.81	+11.8	2.39	142.62	110.67	119.91	113.20	128.45	162.00	115.37	143.99
World Ex. So. Af. (2244)	144.47	+11.6	112.85	122.84	115.45	129.17	+11.9	2.67	145.86	113.19	122.64	115.77	129.69	161.84	118.04	144.28
World Ex. Japan (1851)	148.56	+11.1	116.04	126.31	118.73	134.44	+11.9	3.65	148.58	115.30	124.93	117.94	134.12	151.59	124.31	136.71
The World Index (2304)	144.80	+11.6	113.11	123.11	115.72	129.24	+11.9	2.68	146.18	113.44	122.90	116.02	129.76	162.05	118.33	144.61

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US $ Index), 114.45 (Pound Sterling) and 123.22 (Local).

Name change 1/3/91: Midl (Cie Du)(France) to AXA.

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

RIGHTS OFFERS

BANK OF ENGLAND TREASURY BILL TENDER

WEEKLY CHANGE IN WORLD INTEREST RATES

TOKYO One month Bills	8⅛	+⅛	PARIS Intervention Rate	9¼	Unch'd
TOKYO Three month Bills	7⅞	+⅛	PARIS One mth. Interbank	9¼	-⅛
BRUSSELS One month	9⅜	+⅛	PARIS Three month	9⅜	-⅛
BRUSSELS Three month	9⅜	+⅛	MILAN One month	13⅜	+⅛
AMSTERDAM One month	9.015	+0.015	MILAN Three month	13⅛	+⅛
AMSTERDAM Three month	9.030	+0.070	DUBLIN One month	11⅛	Unch'd
			DUBLIN Three month	11⅛	Unch'd

FINANCIAL TIMES STOCK INDICES

	Mar 1	Feb 28	Feb 27	Feb 26	Feb 25	Feb 22	1990/91 High	1990/91 Low	Since Compilation High	Since Compilation Low
Government Secs.	84.76	85.09	85.39	85.39	85.65	85.57	85.88	74.13	127.4	49.18
Fixed Interest	93.22	93.47	93.56	93.60	93.83	94.18	94.23	83.80	105.4	50.53
Ordinary	1918.2	1910.7	1877.8	1855.0	1866.5	1846.7	1968.3	1510.4	2008.6	49.4
Gold Mines	143.0	137.7	134.4	131.2	128.4	127.0	378.5	127.0	734.7	43.5
FT-Act All Share	1154.48	1150.01	1134.70	1123.31	1128.16	1117.02	1226.83	962.09	1238.57	61.92
FT-SE 100	2386.9	2380.9	2348.0	2322.2	2335.5	2314.3	2463.7	1990.2	2463.7	986.9
FT-SE Eurotrack 100	1045.70	1058.74	1056.65	1050.88	1071.93	1053.96	1071.93	900.45	1071.93	900.45
FT-SE Eurotrack 200	1088.10	1095.65	1083.75	1079.79	1095.31	1076.76	-	-	-	-

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

Western Trust High Interest Cheque Acc
The Moneycentre, Plymouth PL1 1SE 0752 224141

Wimbledon & South West Finance PLC
114 Newgate St, London EC1 7AE 071-606 9485

Citibank Savings
St Martins Hse, Hammersmith Grove W6 081-741 4941

Clydesdale Bank PLC
30 St Vincent Place, Glasgow G1 2HL 041 248 7070

NOTES—Gross rate to those exempt from composite rate of tax. Net actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int. Cr. frequency interest credited

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Contd

CANADIANS

Continued on next page

LONDON SHARE SERVICE

● For Latest Share Prices on any telephone ring direct-0836 43 + four digit code (listed below). Calls charged at 44p per minute peak and 33p off peak, inc VAT

BANKS, HP & LEASING

Market Cap. £m	Stock	Price	Week % change	Y'ld Gr's	Last xd	Dividends Paid	City-line
2,411.9	ABN Amro F15	£9½	....	8.9	4 9	Aug May	1567
1,339.3	ANZ SA1	138	-1.4	11.2	28 12	Jan Jul	1698
3,366.7	Abbey National 10p	257	3.6	5.1	6.8	Apr Oct	5411
1,124.8	Allied Irish Ord	173	7.5	5.2	19 11	Dec July	1354
39.1	Anglo Irish	65	8.3	6.4	10 12	Jan July	1355
80.3	Arnbacher (H.) 1p	43	-6.5	7.8	12 3	April	1624
880.9	Bancaire Cie Fr100	£51⅛	-2.8	2.5	9.5	May Mar	2202
3,972.6	Banco Bilbao Viz	£16⅛	0.8	5.0	9.12	Dec June	–
2,988.9	Banco de Santander	£27⅜	14.8	4.3	31 10	Apr Oct	–
609.7	Bank Ireland Ir£1	162	5.2	7.2	19.11	July Dec	1360
134.4	Bank Leumi	£19½	....	–	–	–	1740
25.0	Bank Leumi (U.K.)£1	350	3.4	6.1	25 2	Apr Sep	1740
998.2	Bank Scotland	131	4.0	4.6	8.10	Dec Jul	1742
103.3	Do. 9¼pc Irrd Pf £1	103¼	-0.9	11.9	22.10	May Nov	1462
107.0	Do. 9¼pc Irrd Pf £1	107	....	12.1	–	–	–
13.4	Bank of Wales	42	....	8.9	8.10	Nov Jun	1743
4,808.2	Barclays £1	429	11.4	6.8	20.8	Oct May	1754
4.83	Benchmark 20p	9	....	11.1	9.4	May Oct	1802
35.7	Brown Shipley £1	224	1.8	‡	10.12	Jan Aug	1983
108.3	Cater Allen £1	457	1.6	7.1	19.11	Jan. Aug	2081
7.51	Chancery	36	....	‡	25.6	Jan July	2102
458.2	Commerzbk DM10	£18	-1.7	3.4	27.5	May	1046
24,522.8	Dai Ichi KBk Y50	875	-0.7	0.4	4.7	June	3221
6,944.2	Deutsche Bk DM50	£217¼	-4.6	2.2	17.5	May	2345
181.8	Espirito Santo	£17	1.5	2.2	–	June	5187
302.3	First Nat. Fin. 10p	187	....	9.3	14.1	Feb Aug	2571
47.5	FNFC 6.3pc Cr. Pf £1	98	....	8.6	31.12	July	2570
15,392.2	Fuji Bank Y50	1004	2.7	0.3	4.7	Dec June	1084
131.9	Gerrard & National	339	0.3	7.5	22.10	June Dec	2686
43.4	Guinness Mahon 10p	67	....	2.9	10 12	July Feb	5074
463.9	Hambros 20p	273	3.0	5.6	10.12	Jan Sep	2812
171.0	Do. 7.5pc Cv Pf £1	114	1.8	8.8	25.2	Apr Oct	4388
2,441.0	HK & Shang. HK$2.50	380	7.0	6.9	1 3	Oct Mar	–
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS – Contd

[illegible]

ELECTRICITY

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LONDON SHARE SERVICE

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MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY – Contd

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

INVESTMENT TRUST

INVESTMENT TRUST – Contd

INVESTMENT TRUST – Contd

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

WATER

OIL AND GAS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES – Contd

Tins

Miscellaneous

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.
Unless otherwise indicated, prices are in pence and denominations are 25p. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.
Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ♦ Not comparable
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. c Cents. e Redemption yield. f Flat yield. k Kenya. C, Canadian. E Minimum tender price.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xℓ ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1.. β	675	......
Finlay Pkg. 5p.... β	38	......
Holt (Jos) 25p..... β	1313	0.4

IRISH

Cap. 8½% Ln. 1991...	£99½	......
9pc Cap Ln. 1996..	£97¼	-0.3
Fin. 13% 97/02...	£114	......
Arnotts..............	168	......
Carrol (P.J.)..........	154	......
Helton Hldgs.......γ	45	7.1
IRG....................	150	15.4
United Drug..........	150	3.4

TRADITIONAL OPTIONS

3-month call rates

Industrials

RHM......................	23
Rank Org Ord............	52
Reed Intnl..............	32

Property

Oils

Mines

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,350 a year for each security shown, subject to the Editor's discretion.

FT Share Service

The following changes have been made to the FT Share Information Service:
Deletions: Priest (Ben) (Section: Engineering)
Birmingham Mint (Engineering)
Triplevest Income (Investment Trusts)
Do. Capital (Investment Trusts)
Tanjong Tin (Mines)

4:00 pm prices March 1

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
13¾	9¼	AAR Corp			8	1358	u13⅞	12½	13⅝	+¾
25¾	21⅞	A L Labs A			19	319	23½	23¼	23½	+⅛
52¼	40⅞	AMP Inc	1.44	0.03	16	4480	51¼	49⅞	51	+1½
60⅞	44¼	AMR			9	76490	u62½	59½	62⅛	+2
2⅜	1¼	ARX			2	16	1½	1½	1½	
48¾	41½	ASA x	3.00	0.07	13	419	45¼	44¾	45	–¼
47⅞	39¼	Abbott Lab			20	1390	45⅞	45	45½	–1
13	9⅞	Abitibi Pr	0.50	0.04	18	47	12½	12	12⅜	+¼
11⅛	10⅞	ACM Gvt In				649	11	10⅞	11	
9⅜	8¾	ACM GvOpp				53	9¼	9⅛	9¼	
9	8¼	ACM Gvt Sp t	0.34	0.04		209	8⅞	8¾	8⅞	
10⅜	9⅞	ACM Gvt Se x				739	10½	10⅜	10⅜	–⅛
8⅛	7⅝	ACM Man				700	8⅛	7⅞	8	
12⅝	11⅞	ACM Managd				217	u12⅝	12½	12⅝	+¼
7⅛	4¾	Acme Cleve	0.40	0.06	19	63	6⅞	6½	6¾	+⅛
6	4¾	Acme Elect			16	51	5⅛	5	5	
37½	22¾	Acuson			28	961	u37⅝	36⅞	37⅜	
17	14¾	Adams Expr	0.48	0.03	0	143	u17	16¾	16⅞	+⅛
20	18⅞	Adobe12Pl				2	19⅞	19⅞	19⅞	
9¼	7½	Adobe Res			21	487	8⅝	8	8	–⅝
26½	18	Ad Micro x				66	25¾	25	25¾	+¼
8¼	4⅝	Ad Micro P	3.00	0.37	15	4524	8⅛	7⅞	8⅛	
4⅜	2¼	Advest Grp			2	124	3⅞	3⅝	3⅝	
48⅞	33⅞	Aetna Lf	2.76	0.06	7	1267	45¼	44¾	45⅛	
10⅜	6⅝	Ahll A	0.24	0.02	28	454	10¼	10	10⅛	–⅛
17½	12	Ahmanson	0.88	0.05	9	3219	17¼	16½	17¼	+⅝
3⅞	2⅞	Aileen Inc			7	54	3½	3¼	3⅜	–⅛
64¼	51⅞	Air Pr Chm			14	720	64¼	63½	63⅞	–⅜
25	16⅝	Airbne Frt	0.30	0.01	12	578	22⅞	21⅞	22¼	–¼
16⅞	12½	Airgas Inc			18	44	16	15⅞	15⅞	
14½	10	Airlease	2.49	0.18	7	59	14⅛	13¾	14⅛	+⅜
92½	88¼	AlaPw8.16 x				2	91⅝	91⅝	89½	
23⅜	21⅞	AlaPw PfA x				6	23	23	22¾	–¼
103	100	AlaPw9.44 x				6	101	d100	100	–1

NYSE COMPOSITE PRICES

Continued from previous page

[illegible]

NASDAQ NATIONAL MARKET

4:00 pm prices March 1

[illegible]

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		40	5157	19¼	17¾	19¼	+1½
XL Data		10	130	6½	6½	6½	+¼
Xoma Corp		18	2447	30¾	29¼	30¾	+¾
YankeeEaS	1.52	15	177	20½	19¾	20	+¼
Yellow Fr	0.94	13	1673	30¾	30¼	30½	+⅛
York Rsch		19	2082	18¼	17	18⅛	+⅞
ZionsUtah	0.60	8	52	36	35	35	−½

9¾	8½	Zweig Tod	485	9⅝ 9½ 9⅝

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4:00 pm prices March 1

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Pet H&P		7	4	9	8½	8⅝	
Phil LD	0.16	5	126	13	13	13	−⅛
Pittway A		10	74	24	23½	23¾	−⅛
Pl y – Gem	0.12	22	29	6⅞	6⅝	6⅞	+⅛
PresidioA		3	84	5⅛	5	5⅛	
Prica Com		0	10	⅛	⅛	⅛	+1/16

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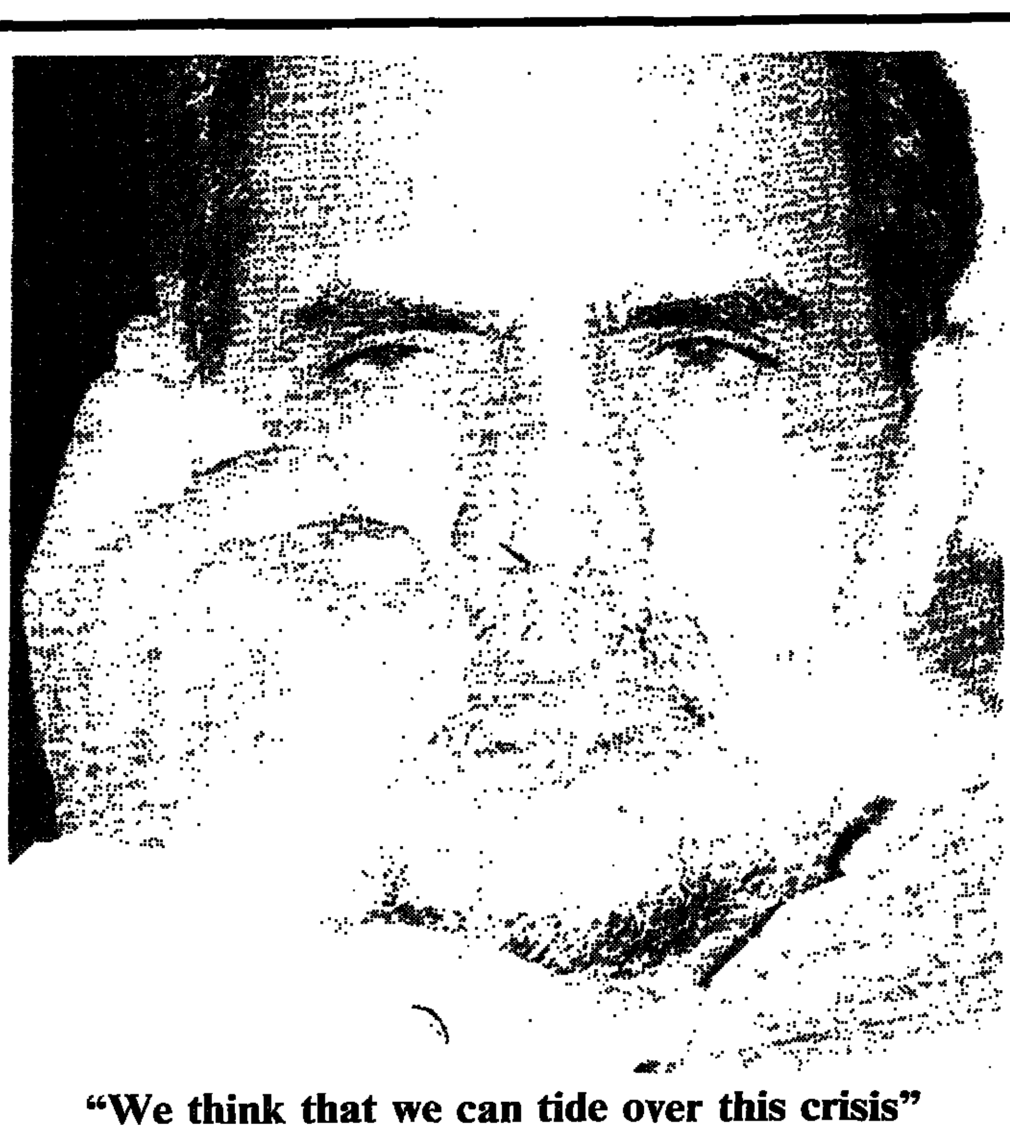
FINANCIAL TIMES
Monday March 4 1991

MONDAY INTERVIEW

Survivor confounds the sceptics

Chandra Shekhar, India's prime minister, speaks to **David Housego**



With his hollow, sunken eyes, greying beard and long, sandal-footed stride, Mr Chandra Shekhar, India's prime minister, has the look of a man who has stepped out of the pages of the country's independence struggle still wearing the clothes of the freedom fighter and the prophet of socialism.

As such he seems an unlikely figure to be projecting a message of reassurance to western bankers and donor nations fearful that last week's postponement of the budget and the slide in India's foreign exchange reserves heralds a drift in the management of the economy and a rescheduling of the country's foreign debt.

Yet during his three-and-a-half months as prime minister, Mr Shekhar has won an unexpected reputation among diplomats, businessmen and politicians for his political astuteness, his openness of mind, and his quick grasp of issues.

His strongest critics have been the country's intellectuals, who have condemned what they perceive as his cynicism and his readiness to "sup with the devil", symbolised, as the Indian press saw it, by his attendance at a dinner in Delhi at which the principal guest was Mr Adnan Kashoggi, the Saudi Arabian financier and arms dealer.

In an interview with the Financial Times ahead of today's "vote on account" in the Indian parliament – the procedure that allows the government to continue to fund its spending until a budget is presented – two themes emerged strongly in Mr Shekhar's remarks.

The first was his belief in the need for budget austerity – notwithstanding his socialist ideals – and his readiness for some flexibility over issues such as deregulation and privatisation.

The second was his insistence that India's economic plight is not so desperate that the only option is a further borrowing from the International Monetary Fund – a point strongly disputed by many bankers and senior officials.

"I don't say that it [the balance of payments situation] is not a difficult position," he declared. "It is a very difficult situation, and we have made this clear. But we think that we can tide over this crisis."

He rejected what many bankers fear – that a rescheduling of India's foreign debt is inevitable: "There is no such risk [of a rescheduling of the foreign debt] and all these misapprehensions are without any foundation," he said.

But with India's foreign exchange reserves badly depleted and serious negotiations with the IMF over fresh borrowing likely to be put back because of the postponement of the budget, Mr Shekhar declined to spell out how India would raise the foreign exchange to finance imports and debt repayments over the coming months.

(Lower oil prices would give India more room to manoeuvre, says Mr Manmohan Singh, the prime minister's chief economic adviser. For instance, a $1 fall in the price of oil represents a $400m saving to the balance of payments account.)

The 1991-92 budget due to have been presented to parliament last week was postponed at the instigation of Mr Rajiv Gandhi, the Congress party leader. Mr Shekhar, who has only 54 members within his own parliamentary group, depends for his survival on Mr Gandhi's Congress party, which has 211. Mr Gandhi feared that a tough budget could damage his party's chances in elections in the southern state of Tamil Nadu in May.

The postponement of the budget almost led to the resignation of Mr Yashwant Sinha, the finance minister, and appalled many senior officials and western diplomats. Further borrowing from the IMF, donor nations and commercial banks were dependent on the budget, incorporating a package of measures to cut the deficit by almost 2 percentage points of the gross domestic product.

The delay in the presentation of the budget has by no means been the only occasion in recent weeks in which Mr Gandhi has used his strength in parliament to force a humiliating reversal of policy on Mr Shekhar.

Mr Gandhi, under pressure from his own allies in Tamil Nadu, also forced the prime minister to dismiss the state assembly there, halt refuelling by US military aircraft in India, and sack five ministers (including the foreign minister) who had been disqualified from membership of parliament by the speaker for illegally switching parties.

But Mr Shekhar rejects accusations that he has to do Mr Gandhi's bidding. "I run the government as long as I am prime minister," he says.

The humiliations to which he has been exposed appear to be part of a deliberate attempt by Mr Gandhi to undermine Mr Shekhar's government, which came to power last November on the back of Congress party support in parliament.

Mr Shekhar, who took over without any previous ministerial experience and amid the widespread expectation that he would be one of the worst prime ministers in Indian history, has been too successful for Mr Gandhi's liking. Many senior members of the Congress party are beginning to think that he could make a better party leader or prime minister than Mr Gandhi himself.

In manoeuvrings in recent weeks, Mr Gandhi has tried to replace Mr Shekhar with a new coalition under his own leadership. But so far he has failed to get the necessary support in parliament. Mr Gandhi is still fearful of general elections in which the Congress party could do badly.

"We think that we can tide over this crisis"

PERSONAL FILE

1927 Born in Uttar Pradesh.
1955-56 General secretary of the UP state Praja Socialist party.
1965 Joined Congress party where he was labelled a "young Turk" for his crusading politics.
1975 Arrested under the Emergency.
1977 Joined the newly-founded Janata party and became its president.
1983 Undertook a 4,260km walk across India to focus attention on poverty.
Nov 1990 Helped overturn V.P. Singh government to become prime minister himself.

But the result of this uncertainty is that Mr Shekhar's government lives from hand to mouth. Many observers believe it could be toppled in the coming months with general elections in May or after the monsoons in October or November. But Mr Shekhar is skilful enough to remain a leading player on the political stage.

A veteran socialist, and for long a member of the Congress party, Mr Shekhar has always seemed a man of great ambition in politics but a perpetual loser. He backed Mrs Indira Gandhi in the late 1960s over bank nationalisation but was never given a ministerial portfolio. He quit the Congress after being arrested in 1975 under Mrs Gandhi's Emergency Rule.

He was a leading figure in the Janata party, which defeated Mrs Gandhi in 1977, but was rewarded with the party presidency rather than a senior post in government. History seemed to repeat itself in 1989 when Mr V P Singh's Janata Dal won the election but Mr Shekhar was again sidelined. Petulant and bitter, he responded with a campaign of sniper fire against Mr Singh that seemed to confirm his reputation as an intellectual backwoodsman.

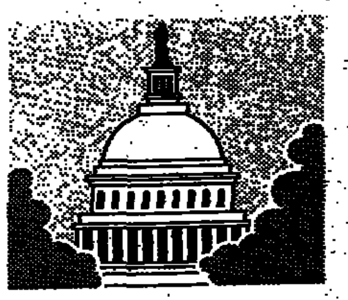
What has surprised most people in Delhi is the ease with which he has taken to the premiership. He is far more at home than Mr Singh or even Mr Gandhi ever were with the changing world of politicians, diplomats, businessmen, landless labourers, farmers and slum dwellers with whom an Indian prime minister comes in contact. He is probably intellectually quicker and more mature in his judgments.

He remains unenthusiastic about foreign investment but more open to asset sales by profitable public sector companies as a way to partial privatisation. "That [asset sales] can be an area where a new thinking can emerge," he says.

In the months ahead, he does not rule out further import restrictions. "It will depend upon our availability of foreign exchange. But we shall not impose restrictions where it cuts down our production. We shall have to be very choosy about our imports if the foreign exchange position remains tight."

But in managing what is probably India's most difficult economic crisis since independence, Mr Shekhar would want the world to believe that pragmatism is his motto. There will be no "constraint of ideological or precommitted notions", he says. "We have to deal with the economic situation as it stands today. The economic situation has its own discipline and that cannot be wished away."

A fiscal trade-off that might work



MICHAEL PROWSE
on America

You might have thought that an expensive war in the Gulf, coming on top of a budget deficit of more than $300bn, would have sapped US enthusiasm for lower taxes.

By no means: in the nation that staged the Boston Tea Party both political parties are still talking cautiously about tax cuts. President George Bush has again proposed lower capital gains taxes. Meanwhile, Mr George Mitchell, the Democratic majority leader in the Senate, has declared his support in principle for cuts in social security payroll taxes.

Many conservative Republicans regard cuts in capital gains taxes as a kind of miracle economic cure. The Wall Street Journal, for example, recently claimed that the recession "never would have happened" if the Democrats had supported lower capital gains taxes in the autumn of 1989. The White House makes less outlandish claims, merely arguing that lower tax rates would stimulate the economy while raising a little extra revenue – perhaps $9.5bn over five years. Democrats dismiss both claims, arguing that the Bush plan would waste about $11.5bn.

At present, capital gains are taxed at a top rate of 28 per cent, only just below the top rate of income tax. But the base for assessing gains is not adjusted for inflation. If inflation averages 4 per cent and an asset yields a real return of 4 per cent, an investor selling the asset after a decade would face an effective marginal tax rate of 43 per cent. If inflation were to average more than 4 per cent, the effective tax rate on gains would rise steeply. By ignoring inflation, the present tax regime may thus discourage saving and entrepreneurship.

But most economic analysis suggests the negative effects are small. After reviewing eight recent studies – including papers by the White House – the Congressional Budget Office concluded that the net impact of a capital gains tax cut on growth was likely to be negligible. To get a significant effect, you have to assume that saving is very responsive to changes in after-tax rates of return.

But most studies throw doubt on this. So what, Republicans may argue: cutting capital gains taxes will do some good and the revenue losses, even on Democratic assumptions, are tiny when set against expected receipts of some $7,900bn over the next five years.

In truth, Senator Mitchell and other Democrats oppose capital gains tax cuts mainly because the rich would benefit disproportionately. The joint committee on taxation calculates that 83 per cent of the benefits would be received by the 4 per cent of taxpayers with taxable annual incomes of $100,000 or more (66 per cent of the benefits would go to those on $200,000 or more). The 92 per cent of taxpayers with incomes of less than $75,000 would get only 12 per cent of the benefit. Mr Bush's tax cut would be worth about $150 a year for those on about $35,000 but more than $15,000 for those with incomes exceeding $200,000.

The "fairness" argument is striking but not entirely compelling: the tax system as a whole certainly ought to be more progressive but this does not imply that every single tax should be designed to soak the rich.

To be politically feasible, however, any easing of capital gains taxes would have to be balanced by fiscal reforms favouring low and middle income Americans. Cuts in social security payroll taxes appear to fit this bill perfectly.

The growing burden of social insurance taxes has been one of the most significant fiscal trends of recent decades; their share of total revenues has risen from 11 per cent in 1950 to 37 per cent today. This makes them only slightly less important than income tax which accounts for 45 per cent of receipts.

Yet the tax is blatantly regressive: this year workers and employers will each pay a flat rate pensions tax of 6.2 per cent on wages up to a ceiling of $53,400 and a flat rate medical tax of 1.45 per cent on wages up to $125,000. The greater reliance on these flat rate taxes (which were raised by President Ronald Reagan in the early 1980s) is the main cause of the increasingly regressive nature of the US tax system.

Republicans stress that social security levies are contributions rather than taxes: cuts in contributions logically should lead to cuts in benefits. In practice, however, the linkage is tenuous; benefits paid out today exceed the actuarial value of past contributions. There is thus a strong case for restructuring social security taxes without meddling with promised benefits.

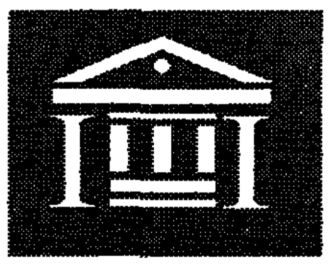
One radical option would be to abolish the wage caps on social insurance contributions and use the revenue gained to reduce the tax rate by about 0.75 percentage points. This would cut taxes for the great bulk of workers currently earning less than $53,400. But an individual earning $200,000 would face an additional tax of about $10,000 a year.

The precise details do not matter. The important point is that the present tax regimes for both capital gains and social insurance are poorly designed. Illusory capital gains should not be taxed; social insurance levies should be more progressive.

Democrats and Republicans ought to be able to agree a mutually acceptable deal in which high earners shoulder more of the burden of social insurance taxes in return for effective indexation of capital gains taxes. But what neither side can sensibly offer is lower tax rates for everybody.

JOTTER PAD

A judiciary badly shaken



JUSTINIAN

Public confidence in the English criminal process, it is assumed in certain circles, will be further undermined today when the case of the Birmingham Six comes before the Court of Appeal.

The court is confidently expected to set aside the 16-year-old conviction on the Birmingham Six for the murder of 21 people in bomb explosions in two Birmingham city public houses. Given the devasting impact on public confidence, the government is likely to respond instantly by setting up a Royal Commission on criminal justice.

The Six were arrested within hours of the event on 21 November 1974; they were tried at Lancaster Crown Court (the change of venue from Birmingham was made to remove or lessen the impact of local prejudice) and convicted by a unanimous jury on 15 August 1975 after a trial lasting 45 days. In July 1976 their application for leave to appeal was turned down.

There were three strands to the prosecution case.

- First, the forensic evidence indicating possible presence of nitro-glycerine on the hands of two or three of the accused. This evidence was discredited in 1986, and no reliance is placed on it now.
- Second, the confessions made by all but one of the accused. The prosecution last week conceded that they too could no longer form the basis of admissible evidence.
- Third, an aggregate of various bits of circumstantial evidence – friendships with known IRA men, odd and unexplained behaviour before the bombings, suspicious remarks made at work, and so on. For what they are worth, they remain intact evidentially. The trial judge, Mr Justice Bridge (now Lord Bridge of Harwich, the second senior Law Lord) told the jury that no guilty verdict could properly be returned on the circumstantial evidence alone. The best that could be said for it was that it could be used to support the confessions and the forensic evidence.

In the present circumstances – reached only last week when the Crown discarded the confessions – the Court of Appeal has now no option but to quash the convictions. But in doing so it may traverse the circumstantial evidence and indicate that a jury might in different circumstances of a trial, without the positive forensic evidence and a discrediting of some of the confession evidence, still have convicted one or more of the six accused.

If the Court of Appeal convincingly analyses the residual evidence, it may go some way towards minimising the impact of a stunning reversal of the appeal hearing three years ago by the Lord Chief Justice and two Appeal Court judges after the case had been referred to it by the home secretary.

The frontal attack upon the Lord Chief Justice and his colleagues has always been wide of the mark. In 1987 the confessions were being vigorously upheld by the prosecution. The jury at Lancaster in 1975 – not the judge – had found them reliable. The Court of Appeal could therefore interfere with the jury's decision only if they were unhappy – or to use the celebrated formula employed by a previous Lord Chief Justice, they had "a lurking doubt".

Until 1966 the appeal court could interfere with a jury's verdict only if it was "unreasonable and cannot be supported having regard to the evidence". Parliament then substituted the phrase, rendering it "under all the circumstances of the case unsafe or unsatisfactory".

As a consequence of the word change, it was thought that the safeguards for an innocent person wrongly identified and wrongly convicted were thus strengthened. Argument over the change in wording has raged ever since. Many judges and lawyers have thought – and experience tends to bear them out – that the change made no difference; it merely gave legislative sanction to existing practice. Thus the inviolacy of a jury decision is the presumption upon which the court of appeal proceeds. There needs to be something to displace the jury's verdict so as to prompt the "lurking doubt".

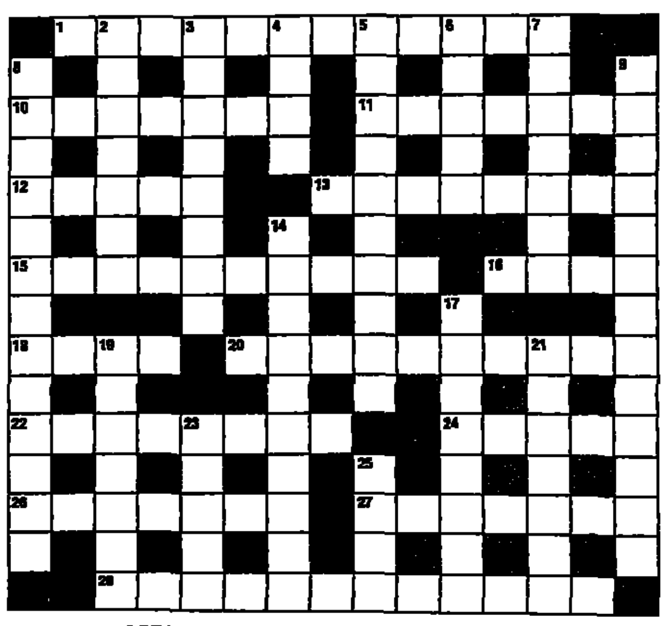
Until the recent discrediting of the confessions in the case of the Birmingham Six, the Appeal Court judges in the 1988 hearing respectably found no reason to upset the verdict of the Lancaster jury 13 years earlier. Had the Court of Appeal possessed the power itself to order an investigation into the validity of the confessions it might have done so. But such a power does not exist. In the Criminal Appeal Act of 1907 such a power was given but it was dropped in the Act of 1966, merely because it had never been used in the 60 years of the operation of criminal appeals.

Public confidence (or lack of it) in the system of justice is of recent origin. Hitherto, the average citizen perceived that the guilty would be convicted and fairly punished by the criminal law. Those over whom there was a reasonable doubt would be acquitted. There was, unlike the system in Scotland, no half-way house of a not proven verdict – acquitted but with a suspicion of guilt. The average citizen was less concerned with the manner in which the criminal justice system achieved these objectives.

A more appropriate approach is now emerging which reflects the public attitude to the administration of the system of criminal justice. On this score there is a growing, discernible unease. The system, it is widely felt, is palpably failing to provide a rational process of fairness to both prosecutor and prosecuted. There is, moreover, official recognition of the growing disquiet about the English criminal justice system. If a Royal Commission is set up it will be the first in a decade; the last one was, appropriately, the Phillips Commission on Criminal Procedure, which preceded the Police and Criminal Evidence Act 1984.

CROSSWORD

No.7,484 Set by QUARK



ACROSS

1 Lady with a dialect unexpectedly announced decision to stop (6,2,1,3)
10 Take charge before joining the party (7)
11 It will put one in the shade (7)
12 Prize for a hospital unit (5)
13 Site of battle has advantage being by a slope (8)
15 More than adequate, on balance (10)
16 Putting Greek into Old English could be frightening (4)
18 Detect agent from the east (4)
20 Trouble or defeat in the union (10)
22 Doc finally sent in to settle and give treatment (8)
24 Stone thrown in assault (5)
26 Harmful setback for doctor in racket (7)
27 Crack team one short (a besetting sin) (7)
28 Given to charity? (12)

DOWN

2 Having to declare one's years is mean (7)
3 How the ground rules were set (4,4)
4 Such performance is up and down (4)
5 It turned on suitable action below (5-5)
6 Part of model verbalism to look into thoroughly (5)
7 Sounds typical of certain pets (7)
8 Talk to Don in mess – endlessly in trouble: pull no punches (5,4,4)
9 Request for continuing relation? I don't believe it! (4,3,7)
14 Faces delightful surprise, they say, in a minor way (4,6)
17 Destroyer – boat sure in the wars (8)
19 Course not recommended for the 15 (10)
21 Fashionable church feature to take in (7)
23 The most essential part about the hospital's task (5)
25 Account for man's pain (4)

The solution to last Saturday's prize puzzle will be published with names of winners on Saturday *March 16*.

BASE LENDING RATES

	%		%		%
ABN Bank	13	Co-operative Bank	13	Nat Bk. of Kuwait	13½
Adam & Company	13	Coutts & Co	13	NatWestminster	13
Allied Trust Bank	13	Cyprus Popular Bk	13	Northern Bank Ltd	13
AIB Bank	13	Dunbar Bank PLC	13½	Nykredit Mortage Bank	13½
● Henry Ansbacher	13½	Duncan Lawrie	13	Provincial Bank PLC	15
Associates Cap Corp	15½	Equatorial Bank plc	13	Roxburghe Bank Ltd.	14½
B & C Merchant Bank	13	Exeter Bank Limited	13½	Royal Bk of Scotland	13
Bank of Baroda	13	Financial & Gen. Bank	13½	● Smith & Williamson Secs.	13
Banco Bilbao Vizcaya	13	First National Bank Plc.	16	Standard Chartered	13
Bank Credit & Comm	13½	● Robert Fleming & Co.	13	TSB	13
Bank of Cyprus	13	Robert Fraser & Ptnrs.	13½	Unibank plc	13
Bank of Ireland	13	Girobank	13	● United Bk of Kuwait	13
Bank of India	*13*	● *Guinness Mahon*	*13*	*United Mizrahi Bank*	*13½*
Bank of Scotland	13	● Hambros Bank	13	Unity Trust Bank Plc	13
Banque Belge Ltd	13	Hampshire Trust Plc	14½	Western Trust	13
Barclays Bank	13	Heritable & Gen Inv Bnk.	13	Westpac Bank Corp.	13
Benchmark Bank	13	● Hill Samuel	13	Whiteaway Laidlaw	13
Brit Bk of Mid East	13	C. Hoare & Co.	13	Yorkshire Bank	13
● Brown Shipley	13	Hongkong & Shanghai	13		
CL Bank Nederland	13	● Leopold Joseph & Sons	13		
● Charterhouse Bank	13	Lloyds Bank	13½		
Citibank NA	13	Meghraj Bank Ltd	13		
City Merchants Bank	13	McDonnell Douglas Bnk	13		
Clydesdale Bank	13	Midland Bank	13		
Comm. Bk. of London Plc	13	Mount Banking	13½		

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